

**ENDING EXPLOITATION: HOW
THE FINANCIAL SYSTEM CAN WORK
TO DISMANTLE THE BUSINESS
OF HUMAN TRAFFICKING**

VIRTUAL HEARING
BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY,
INTERNATIONAL DEVELOPMENT
AND MONETARY POLICY
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
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ENDING EXPLOITATION: HOW THE FINANCIAL SYSTEM CAN WORK TO DISMANTLE THE BUSINESS OF HUMAN TRAFFICKING

Thursday, March 25, 2021

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY,
INTERNATIONAL DEVELOPMENT
AND MONETARY POLICY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 12:01 p.m., via Webex, Hon. Jim A. Himes [chairman of the subcommittee] presiding.

Members present: Representatives Himes, Gottheimer, San Nicolas, Torres, Lynch, Dean, Ocasio-Cortez, Garcia of Illinois, Auchincloss; Hill, Zeldin, Williams of Texas, Emmer, Davidson, Gonzalez of Ohio, and Taylor.

Ex officio present: Representative Waters.

Also present: Representative Wagner.

Chairman HIMES. Good afternoon, everybody. Welcome. The Subcommittee on National Security, International Development and Monetary Policy will come to order.

Without objection, the Chair is authorized to declare a recess of the subcommittee at any time. Also, without objection, members of the full Financial Services Committee who are not members of this subcommittee are authorized to participate in today's hearing.

As a reminder, I ask all Members to keep themselves muted when they are not being recognized by the Chair. This will minimize disturbances while Members are asking questions of our witnesses. The staff has been instructed not to mute Members except when a Member is not being recognized by the Chair and there is inadvertent background noise.

Members are also reminded that they may only participate in one remote proceeding at a time. If you are participating today, please keep your camera on. And if you choose to attend a different remote proceeding, please turn your camera off.

If Members wish to be recognized during the hearing, please identify yourself by name to facilitate recognition by the Chair.

Just as a reminder—this is our third subcommittee hearing—I will be pretty quick on the gavel when the timer has expired. I will, of course, allow witnesses to finish, within reason, answering questions. But I would ask Members that, if they go through their 4

minutes, to conclude their remarks, and any questions that are at that 4-minute mark will have to be answered in writing for the record.

Today's hearing is entitled, "Ending Exploitation: How the Financial System Can Work to Dismantle the Business of Human Trafficking."

I now recognize myself for 4 minutes to give an opening statement.

Trafficking, and especially human trafficking, is a societal ill that too many people think is somebody else's problem. Even in southwestern Connecticut, we see the brutal effects of trafficking, and we are hardly unique in that respect.

In 2019, in the United States, Polaris, which operates the National Human Trafficking Hotline, worked on more than 11,500 situations of human trafficking involving more than 22,000 survivors, more than 4,000 traffickers, and almost 2,000 suspicious businesses. And the most shocking fact is that these numbers are likely only a very small percentage of what is actually going on.

The worldwide reach of human trafficking is stunning. There are estimated to be more than 25 million human trafficking victims worldwide, and the business of human trafficking generates more than \$150 billion in illegal profits per year.

Today's hearing focuses on how we can harness the power of our financial services system to disrupt the business of human trafficking, whether by improving the anti-money-laundering statutes or by requiring public businesses to look down their supply chain to ensure that they are not benefiting from forced labor.

There are a number of areas of improvement that I think this subcommittee should consider. We must ensure that the financial services firms know what to look for to help identify and shut down traffickers and that law enforcement has the best tools and resources available.

We must increase our understanding of the nontraditional means of finance that traffickers are using to avoid our traditional anti-money-laundering detection systems. That includes traditional payment alternatives like prepaid credit cards, as well as newer technology like cryptocurrency.

We must also pay special attention to the survivors of human trafficking. In the course of their exploitation, some survivors have their identities stolen by their traffickers, who then open accounts in their names to further their criminal enterprise. As these survivors seek to rebuild, they can find themselves in the untenable position of not being able to find shelter or open bank accounts, leaving them at risk of being victimized again.

Finally, I take special pleasure in recognizing the extremely important role that nonprofits play in this space. Grace Farms, which is located in my district, has done tremendously important work to combat human trafficking by partnering with law enforcement and other nonprofits. That includes working with renowned experts, like Ambassador C.deBaca, who is with us today, on issues like the use of forced labor in the production of construction materials.

With that, I would like to thank our panel of witnesses, whose expertise and experience in their respective fields is unparalleled.

I sincerely appreciate your assistance in tackling these difficult issues.

The Chair now recognizes the distinguished ranking member of the subcommittee, my friend, French Hill, for 5 minutes for an opening statement.

Mr. HILL. Thank you, Mr. Chairman. Thank you for convening this hearing, and I thank the witnesses for joining us today, and for your expertise.

A year ago, we began this anti-trafficking initiative when we held our first hearing. The plan then was to have hearings every quarter or so to dive deeper into specific types of trafficking. Then, COVID hit, and derailed our well-crafted plan, but I am pleased that we are resuming our previously scheduled programming today.

To that end, I have said I would like to get these hearings to resume in person, Mr. Chairman. I know you share my view. Given the country is reopening, I think it is imperative for Congress to return to normal operations and serve as an example for our nation.

Mr. Chairman, a year later, trafficking remains a huge concern for our country. Since I have been in Congress, I have traveled to the southwest border 6 times to study those critical policy needs. President Biden's recent executive actions that counter the Trump Administration's immigration reforms and border measures have increased human trafficking concerns.

The unaccompanied minors arriving at our southwest border, if they are not already, are potential victims of human trafficking. So far, our U.S. Customs and Border Protection (CBP) has already apprehended 11,000 of these minors in February. According to the CBP, the cartels are making \$14 million a day. Let me repeat that: \$14 million a day, or \$400 million in February alone, in trafficking the most vulnerable to our open border.

Statistics tell us that 75 percent of these kids are between the ages of 15 and 17 and are highly vulnerable to smugglers and sexual assault. Many end up in debt bondage, working off their illegal crossing fee by forced labor, sex, or both.

The Biden Administration inherited a secure border, and since eliminating many of the Trump Administration decisions, the U.S. has seen a 168 percent increase in border crossings and apprehensions for unaccompanied minors, and 63 percent for families.

Likewise, in Africa's largest country, Nigeria, my concern is growing about the deteriorating human rights situation. I recently had a call with Dr. Khataza Gondwe with the Christian Solidarity Worldwide organization to discuss the intersection of trafficking and terrorism in Africa.

And sadly, as we know, human trafficking happens anywhere, all over our nation, in our backyards. In my home State this past January, 13 people were arrested for a sex trafficking operation in northeast Arkansas. In this local case, fortunately, due to coordinated and cooperative law enforcement, and, I must say, well-funded law enforcement at the local, State, and Federal level, three victims were rescued.

We need to ensure that we have policies in place to facilitate that kind of synergy and coordinated effort to cross jurisdictions and

agencies. This is exactly what my good friend, Ann Wagner, has advocated for during her time in Congress, including in her bill, the Homeland Security Investigations Victim Assistance Act, which would help victims of trafficking access the resources they need, while also assisting law enforcement in apprehending their traffickers. I am pleased that she is waived into this hearing today and will lend her knowledge, interest, and expertise.

Homeland Security Investigator Special Agent Jere Miles said it best in that recent Arkansas raid: “When we collaborate with local law enforcement and community partners, we increase our reach and our impact.” I could not agree more with this sentiment.

I look forward to the expertise shared today, and I yield back the balance of my time.

Chairman HIMES. Thank you, Mr. Hill. I do share your hope that we can do this in person. I actually did a little due diligence in talking to the attending physician, and I was told that our Member vaccination rate is hovering around 75 percent. It probably doesn’t quite get us there, so I would urge all members of the subcommittee who share mine and the ranking member’s hopes that we can get together in person to urge our colleagues to get vaccinated so that we can leave this technology behind.

Moving on, today, we welcome the testimony of our distinguished witnesses. By way of very quick introduction, first, Ambassador Luis C.deBaca, Senior Fellow in Modern Slavery, and Visiting Lecturer in Law at Yale University Law School here in the State of Connecticut. He is the former Ambassador-at-Large to Monitor and Combat Trafficking in Persons.

Second, Dr. Louise Shelley, the Omer L. and Nancy M. Hirst Endowed Chair at George Mason University, and the Director of the Terrorism, Transnational Crime and Corruption Center, known as TraCCC.

Third, Mr. Barry M. Koch, is the Founder and Owner of Barry M. Koch, PLLC, and Commissioner of the Liechtenstein Initiative.

Fourth, we have Rev. Dr. Marian Hatcher, the USA Representative for SPACE International.

And finally, we have Ms. Laila Mickelwait, Founder of Traffickinghub, and President and Founder of the Justice Defense Fund.

Witnesses, thank you all for being here. You are reminded that your oral testimony will be limited to 5 minutes. You should be able to see a timer on your screen that will indicate how much time you have left, and a chime will go off at the end of your time. I would ask that you be mindful of the timer, and quickly wrap up your testimony if you hear the chime, so that we can be respectful of both the witnesses’ and the committee members’ time. And without objection, your written statements will be made a part of the record.

Ambassador C.deBaca, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF AMBASSADOR LUIS C.deBACA, SENIOR FELLOW IN MODERN SLAVERY, AND VISITING LECTURER IN LAW, YALE UNIVERSITY LAW SCHOOL, AND FORMER U.S. AMBASSADOR-AT-LARGE TO MONITOR AND COMBAT TRAFFICKING IN PERSONS

Ambassador C.DEBACA. Thank you, Mr. Chairman, Ranking Member Hill, and members of the committee.

Our Constitution, laws, and treaty obligations protect people from forced labor, forced prostitution, and the commercial sexual exploitation of children, but millions remain in servitude with a financial impact of at least \$150 billion. That is a grave national security threat and a human rights imperative. It is a victim services challenge, and it poses both risks and opportunities for the financial system. Risks, because traffickers and profiteers use the financial system to move money, collect payments, and commit other crimes, sometimes even terrorism. So, too, lack of access to the financial system leads to self-collateralization. The resulting recruitment fees, transportation costs, and deductions for food and clothing create a peonage situation even before work starts.

The abusive company-store employer-based financial system of the past is alive and well, and financial fraud and identity theft by traffickers further victimizes those upon whom they prey, because the financial system in which this crime is poorly understood exacerbates the victimization through credit scoring and other means, just as the lack of understanding has kept survivors out of transitional job opportunities because of criminal records or the inability to meet licensing standards.

Initial discussions and preliminary responses have largely been around the retail level and primarily focused on sex trafficking, but the risk is much broader and touches on aspects such as commercial banking and construction financing, as I think my fellow witnesses will address. One note on construction financing, that multi-trillion-dollar industry is riddled with forced labor, and timber and mining operations often drive demand for sex trafficking.

In October, Grace Farms' Design for Freedom report identified a number of at-risk building materials in addition to the abuse that we have seen on job sites. A good next step in advancing that effort would be to address construction financing so the trafficking risks are not borne solely by builders, workers, and vulnerable communities.

Indeed, financial intelligence around construction materials supply chains can bring opportunities for disruption, innovation, and profit. Major financing often comes through the international financial institutions of multilateral development banks, but they have not taken an active role. The U.S. International Development Finance Corporation's project language prohibiting forced labor might be a good model for their activities.

There are opportunities for partnership: the financial sector can help restore survivors and support service organizations; banks and consumer credit ratings should aggressively develop credit repair tools; and firms can provide hiring pathways for restoration and partner with service providers and survivors to obtain financial intelligence.

But none of these things will be possible without leadership from the United States Government, which is why there is a need for agency-wide coordination at Treasury to move beyond the admirable, but informal, engagement and innovation of motivated staff. Imagine secretarial prioritization and trafficking-specific authorities, work responsibilities, and budgets, not to mention relationships with organized labor, human rights groups, service providers, and survivors themselves. So, too, clarifying and intensifying human rights sanction authorities and activities would provide a strong tool and ensure harmonization with our allies.

Last fall, interagency recommendations were crafted with input from nongovernmental organizations (NGOs) and survivors. They represented the kind of bipartisan consensus that characterizes this fight, and they include: stepped-up financial intelligence gathering and dissemination; expansion and intensification of efforts at the Department of the Treasury; harnessing the power of the international financial institutions (IFIs) and the multilateral development banks (MDBs); creating innovative partnerships in support of survivors, as well to protect the integrity of the system; facilitating credit repair and restoration; and recognizing the need for mechanisms to protect NGOs and service providers who share important financial information and intelligence.

A number of bills that track these recommendations have been introduced or are in the discussion stage and would have a real impact.

Another worthy prospect in discussion is to build upon the success of the Foreign Corrupt Practices Act (FCPA) for trafficking and human rights abuses.

Any of these recommended activities and potential laws would add to our ability to investigate and prosecute, to protect and restore, and to prevent this grave human rights crime. Such efforts would facilitate partnerships within the financial system, with allied nations, and most importantly, the most vulnerable and affected communities. And they would harness the power of the financial system and regulatory bodies alike in service to that most American of ideals: the promise of freedom.

Thank you.

[The prepared statement of Ambassador C.deBaca can be found on page 34 of the appendix.]

Chairman HIMES. Thank you, Ambassador.

Dr. Shelley, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF LOUISE SHELLEY, OMER L. AND NANCY M. HIRST ENDOWED CHAIR, GEORGE MASON UNIVERSITY, AND DIRECTOR, TERRORISM, TRANSNATIONAL CRIME AND CORRUPTION CENTER (TRACCC)

Ms. SHELLEY. Thank you, and it is a great honor to be with you today.

Human trafficking networks are entrepreneurial and flexible, and, as my written testimony reveals, human trafficking networks often converge with other illicit activities. In the United States, we have a variety of networks, both domestic and international, and their money is laundered both in the U.S. and abroad.

We have networks that are very small, with a single trafficker and case facilitators; or, as in a recent Federal case that produced an indictment in 2018, involved 30,000 clients, 58 cities, and 350,000 online advertisements. This reflects the growth of human trafficking in the online environment, as Laila Mickelwait will discuss.

I also agree with Ambassador deBaca that much more needs to be done with labor trafficking, and that often involves corporate actors as we see in the fishing, agriculture, and production sector.

Human traffickers in documented cases that I mention have used every type of money laundering available: underground banking; bulk cash smuggling; money laundering into real estate; establishment of live businesses as vehicles for money laundering, trade-based money laundering; misuse of credit cards, including prepaid credit cards; money transfer businesses; wire transfers; banks; and cryptocurrencies. And, in many cases, this illicit activity of human trafficking converges with the legitimate economy.

What policies do we need to address human trafficking? First of all, we need to implement and realize the beneficial ownership law that has just been passed, and it needs to be carefully and comprehensively implemented. Traffickers can now hide behind shell companies and anonymous ownership. The largest detected network of human traffickers that I just mentioned involved massage parlors in cities across the U.S., Canada, and Australia, and the vast majority of massage parlors hide their owners' identity. Therefore, we need to implement the Corporate Transparency Act and establish a national beneficial ownership directory.

Second, we need to focus on cryptocurrency, which is being used to finance human trafficking and many other forms of illicit activity. Greater financial oversight is needed of this fast-growing financial instrument, and similarly, cooperation in the sharing of information between government agencies and the private sector is needed to track and analyze criminal transactions, as I indicate in my statement.

Third, we need to follow the money. There needs to be a much more central attention to the role of money in investigations of human trafficking. This is difficult because there are relatively small numbers of suspicious activity reports in the FinCEN database, and they are often not used to full advantage, as was seen in the Epstein case. Training and awareness must be raised in the banking community to not only increase SARs reporting, but also to make use of these reported suspicious transactions that are presently underutilized.

Fourth, we must focus on supply chains for human trafficking by looking at transport systems, travel agencies, hotels, rental apartments, rideshare services, and short-term rental apartments. According to the Human Trafficking Institute's analysis of Federal trafficking cases in recent years, over 80 percent of Federal cases of sex trafficking involved exploitation at hotels and motels.

Fifth, we need to enhance regulation and reporting requirements of online businesses to vet customers and report suspicious transactions. More needs to be done by companies, such as Uber and Airbnb, in monitoring data for suspicious patterns of financial transactions and how their businesses inadvertently support

human trafficking networks. The role of online businesses in human trafficking is broader than these companies addressed by the FOSTA-SESTA legislation.

And sixth, we need to address trade-based money laundering (TBML). This underacknowledged form of money laundering is key to the movement of the proceeds of human trafficking into the global financial system as many of the loopholes in the rest of the system are shut. Our understanding of TBML requires greater analysis as to how it is occurring in human trafficking, and the red flags associated with it need to be much more carefully conceived. This will have an enormous impact not only in countering human trafficking, but other forms of the illicit economy, such as the Fentanyl trade and the environmental crime with which it sometimes intersects. This is also especially relevant to the fishing industry, in which larger numbers of individuals are subject to labor exploitation.

Thank you very much.

[The prepared statement of Dr. Shelley can be found on page 119 of the appendix.]

Chairman HIMES. Thank you, Dr. Shelley.

Mr. Koch, you are now recognized for 5 minutes.

STATEMENT OF BARRY M. KOCH, FOUNDER AND OWNER, BARRY M. KOCH, PLLC, AND COMMISSIONER, LIECHTENSTEIN INITIATIVE

Mr. KOCH. Thank you, Mr. Chairman, Ranking Member Hill, and members of the subcommittee. Thank you for the invitation to participate in today's hearing.

My name is Barry Koch. I am a law professor and a private attorney with a consulting practice in which I provide expert witness and advisory services in money laundering cases and financial crimes risk management. I am also a co-founder of the United States and European Banks Alliance Against Human Trafficking, a former commissioner on the Financial Sector Commission, and I was one of a team of compliance professionals that developed the first quantitative model in the banking industry to monitor transactional activity for red flags indicative of labor trafficking and sex trafficking. More recently, I was an assistant district attorney here in New York County.

I would like to offer one additional perspective before I offer five concrete recommendations for the subcommittee to consider. We are all in emphatic agreement about the moral imperatives to end human trafficking, but I would like to offer an additional practical reason for increasing our anti-trafficking efforts, which is that trafficking on a macro level is economically inefficient. It depresses innovation. It fuels corruption and the flow of illicit funds in the financial system. It deprives governments of tax revenues, and it disrupts the efficient deployment of human capital. It privatizes criminal profits while socializing the costs.

So, here are my five recommendations for the subcommittee to consider. First, increase the use of financial records and financial data to initiate and strengthen prosecutions. Using financial records and financial data has been effective in identifying victims and perpetrators, improving coercion, which is a required element

in a criminal charge, in corroborating witness testimony, and in serving as the basis for asset forfeitures.

Further, if witnesses are reluctant to testify because of the threat of violence against them or family members, or the risk of being deported, or even because of the fear of being prosecuted themselves, financial records can be used to pursue other serious criminal charges that may not require testimony. For example, prosecutors may bring a case against a trafficker for tax evasion, structuring, and money laundering where the trafficker's tax returns report minimal income and assets, yet the financial records refute those tax returns by illustrating a lavish lifestyle. Serious crimes that may be related to the trafficking, such as bank fraud, kidnapping, extortion, identity theft, and immigration fraud can also form the basis for asset forfeiture, which is a very powerful tool to disrupt a trafficking business.

Second, strengthen the use of sanction regimes. There is already a precedent for the U.S. to use economic sanctions to designate and punish human rights violators and to deny them access to the U.S. financial system. Executive Orders have in the past identified serious and flagrant human rights abuses as threats to the national security, foreign policy, and the economy of the United States. And, in this context, the government has previously sanctioned transnational criminal organizations, companies, and individuals for migrant smuggling, human trafficking, and child prostitution. These sanctions can be designed to be limited and surgical, and can be used to target industries that are notorious for using child labor and trafficked labor in their supply chains. In evaluating this recommendation, it is important to note that the U.S. financial sector already has a well-developed operational infrastructure to ensure immediate and sustainable compliance.

Third, strengthen the risk assessment process employed by financial institutions as a critical element of their anti-money-laundering programs. There are material weaknesses in the current regulatory and operational framework, and here are a few practical ways to address them.

One, require that the risk of human trafficking be specifically included in annual anti-money-laundering (AML) risk assessments. Very few large banks do this, and virtually none of the mid-sized and small banks or credit unions or money transmitters and check cashers include the risk of human trafficking as part of their annual AML risk assessment.

Two, require financial institutions to evaluate human trafficking as a funding source for terrorist organizations. Although the current regulatory scheme treats human trafficking as a reportable predicate crime for money laundering, few, if any, financial institutions do that. Many national governments, including our own, have overlooked this issue, focusing only on the money laundering risks.

There are published cases that report instances where the Islamic State has conducted online slave auctions in territories that it controlled. And, more recently, in fact we saw it just in yesterday's Wall Street Journal, cases involving Boko Haram, their multiple kidnappings of school children, some of whom are ransomed, while others are forced into marrying their captors, while still others are conscripted into serving as child soldiers.

I am aware of the time, so I will simply refer the members to my written statement, which goes into additional recommendations, including how to address the cryptocurrency risks and how to take a more victim-centric approach to helping traffickers who are caught up in the criminal justice system. Thank you.

[The prepared statement of Mr. Koch can be found on page 48 of the appendix.]

Chairman HIMES. Thank you, Mr. Koch.

Rev. Dr. Hatcher, you are now recognized for 5 minutes.

STATEMENT OF REV. DR. MARIAN HATCHER, POLICY ANALYST AND VICTIM ADVOCATE, SURVIVORS OF PROSTITUTION-ABUSE CALLING FOR ENLIGHTENMENT (SPACE) INTERNATIONAL

Rev. HATCHER. Thank you. Greetings, Chairman Himes, Ranking Member Hill, Representatives from Illinois, and the members of the subcommittee. It is an honor and a privilege to share my personal and professional experience and knowledge in an area which adversely impacts citizens of this great country every day.

Human trafficking relies on a business model which feeds on the vulnerable, benefitting only the predatory. It results in violence, substandard living conditions, loss of hope, and loss of life.

Growing up, I had a loving and caring family. However, molestation by a relative at age 7 forever changed the trajectory of my life. While I went on to achieve formal education, corporate success, marriages, and motherhood, the trauma of that molestation would awaken under negative circumstances. Those circumstances included a volatile combination of domestic violence, drugs, and associated trauma.

I was guilt-ridden and ashamed of allowing my first abuser, but not the last, to hurt me, assault my mother, put a gun to the head of my oldest son, and terrorize my other children. When I ran from the danger at home, I embraced a numbness provided by crack cocaine and alcohol. To feed that habit, prostitution became a way of life. Eventually, I was trafficked. Soon, it became impossible to imagine returning to my loved ones, whom I abandoned. My tribe, parents, ex-husband, aunts, and other in-laws took care of my children and each other until God brought me home.

My exploitation eventually led to my arrest, not an uncommon outcome for so many trafficking survivors. However, I benefitted from jail-based treatment. And even though arrest should never be a tool for connecting survivors with services, having access to those services paved the way to reuniting me with my family after nearly 2 years, and I found a second chance.

My second chance resulted in a career, a purpose-filled next chapter at the Cook County, Illinois, Sheriff's Office, where I progressed through several roles and most recently served as policy analyst and victim advocate. Currently, I am on medical leave due to progressive multiple sclerosis.

From 2005 to 2019, my purpose and responsibilities became addressing the unaddressed issues of victims who lived, suffered, and often died because of experiences like mine. Seeing how many people, especially women of color, were ruined by systems of prostitution and systemic oppression planted in me a fiery passion and a

focus on gender-based violence. This dedication was surpassed only by my commitment to hold predators accountable.

I am here to present my lived experience, both as a victim of human trafficking and as a professional champion of law enforcement tactics that center on restorative justice and accountability. I am not speaking in any official capacity. Instead, I am here as a result of my lived and professional expertise, which informs this issue in several roles, including as a U.S. representative for SPACE International, which means Survivors of Prostitution-Abuse Calling for Enlightenment—we represent 10 countries—as a member of Shared Hope International’s Just Response Council, and as a policy consultant at the National Center on Sexual Exploitation, and demand evolution.

Based on my experience interviewing hundreds of victims and watching scores of Federal, State, and local trafficking cases unfold, I am going to share three high-level observations regarding the business model of human trafficking. My written testimony provides a more detailed assessment of these issues.

First, the commercial sex trade is a billion-dollar industry, as we stated, that causes massive, long-term physical and psychological damage, disproportionately impacting women and youth of color. Yet, almost no money reaches victims, even those identified as victims of human trafficking. The need for expanded services for trafficking victims is great, and the lack of investment in services can be addressed in part by redirecting funds from convicted exploiters in order to help fund specialized programs that can address persistent scarcity of appropriate services.

Second, technology can be a tool for investigation and prosecution by following the money, which also reduces reliance on the testimony of victims, who face a host of potentially re-traumatizing experiences in the criminal justice process. Using technology to follow the money is what King County, Seattle, did in its investigation and prosecution of the Review Board, a website set up by sex buyers to promote access to prostituted individuals. By focusing enforcement efforts on the market driver, the sex buyers, rather than the individuals being bought and sold on a website, they are able to dramatically impact the market for exploitation in their jurisdiction.

Third, despite the current popularity of the mantra, “sex work is work,” my 15 years of experience also tells me that most women and youth do not want to be selling access to their bodies. Even those who are not trafficked are selling out of duress, such as addiction, homelessness, mental duress, or a combination of these factors. Most want out of the life. Most encounter major obstacles to achieving financial stability, including barriers to accessing basic banking services, such as bank accounts and credit cards. The resulting lack of resources often leads to re-exploitation as survivors feel they have no option other than returning to the commercial sex industry.

I want to thank the subcommittee for the opportunity to testify today, and I look forward to answering your questions about these critically important issues.

[The prepared statement of Rev. Dr. Hatcher can be found on page 43 of the appendix.]

Chairman HIMES. Thank you very much, Rev. Dr. Hatcher, for that testimony.

Ms. Mickelwait, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF LAILA MICKELWAIT, FOUNDER, TRAFFICKINGHUB MOVEMENT, AND PRESIDENT, JUSTICE DEFENSE FUND

Ms. MICKELWAIT. Thank you very much.

Prior to this year, Pornhub was the tenth most trafficked website in the world, with 42 billion visits per year. The site boasted 6.8 million videos uploaded per year; that would take 169 years to watch. Pornhub is owned by MindGeek, an international pornography conglomerate that has obtained a monopoly on the porn industry.

As the New York Times put it, MindGeek is a porn titan. MindGeek is also what I call a mega sex trafficker, in that its sites are infested with highly monetized commercial crime scene footage of user-generated child sexual abuse, rape, assault, and other forms of non-consensual pornographic content.

Every video on Pornhub is commercial. In fact, the totality of videos on the MindGeek sites generate hundreds of millions of dollars per year. The company knowingly has enabled and profited from mass amounts of filmed sex acts induced by force, fraud, or coercion, and the commercial sexual abuse of children.

Unfortunately, Pornhub is not alone. There is an entire big porn industry operating similar user-generated porn sites. For example, MindGeek's biggest rival, WGCZ, which has had a recent class action lawsuit filed against it on behalf of trafficked minors, boasts 200 million daily visitors and 6 billion daily ad impressions on its sites. Like Pornhub, these websites are set up for exploitation, allowing any user with a cell phone camera to anonymously upload sex acts with only an email address. This lack of oversight and accountability is intentional on the part of these sites because the unlimited ability to upload content by any user in the world is the business model that generates the most profit.

For Pornhub and its largest competitors, content is king. The more content that is uploaded, the more traffic is driven to the site, and the more profit is generated from advertising, premium memberships, and the sale of user data. In fact, 50 percent of Pornhub's profit is generated via advertising. Because profits are the crux of the issue, financial services actors that facilitate and benefit from the exchange of money play a crucial role when it comes to enabling or disabling the crime of sex trafficking on such sites.

For example, after 2 million people from 192 countries had signed the petition to hold Pornhub accountable, over 300 organizations called for the site to be shut down. Victims publically came forward. Lawmakers in the U.S. and abroad called for criminal investigations. Grassroots protests were being organized around the world, and hundreds of media articles were bringing attention to the sexual crime on the site. Pornhub still refused to acknowledge the problem. Even until October 2020, Pornhub told the media that suggestions that children were being exploited on the site were conspiracy theories.

However, in December, a groundbreaking New York Times expose put pressure on the major card companies to stop enabling the abuse. MasterCard, Visa, and Discover quickly responded by confirming illegal content on the site, disabling the use of their cards, and, in under 24 hours, the 10th most trafficked website in the world deleted 80 percent of its content, totaling 10 million videos.

Not only was this a dramatic admission of guilt on the part of Pornhub, but it was also a demonstration of the power and influence that financial institutions have in regulating even the largest websites in the world. This leverage should have been utilized a long time before it was, not only because it was the right thing to do, but because knowing that trafficking was being facilitated with their services and not taking action is illegal. According to the Trafficking Victims Protection Act, knowingly benefitting from a trafficking venture is prohibited.

So, what are the solutions? First, we urgently need the antiquated law, 18 U.S. Code §2257, to be amended to hold websites distributing user-generated pornography responsible for age verification and record-keeping. This law has been in place for decades to help prevent child abuse from proliferating in the porn industry, but it must be updated to keep up with the times and hold the major online porn distributors accountable for the content from which they profit.

Second, we need mandatory, reliable age and consent verification procedures mandated for every sex act uploaded online. Reintroducing and passing the bipartisan, Stop Internet Sexual Exploitation Act, should be a priority. Laws regarding the disclosure of beneficial owners of companies who own such sites is also an important accountability measure. In the case of MindGeek, its executives and owners have intentionally hidden their identities in order to escape scrutiny. Even now, we do not know who is ultimately behind the company.

Lastly, enforcement of laws concerning the mandatory reporting of child sexual abuse material must be improved to ensure that companies like MindGeek, which has offices, servers, and substantial consumers in the United States, are held accountable for failing to report known child sexual abuse material (CSAM) as legally required. Recent testimony and publically available data show that despite widespread presence of child exploitation on Pornhub, the company made no reports to Canadian or American authorities for over a decade. This is unacceptable. We need accountability. These actions would go a long way in the realm of sex trafficking prevention in the digital age.

Thank you for the opportunity to testify today.

[The prepared statement of Ms. Mickelwait can be found on page 53 of the appendix.]

Chairman HIMES. Thank you, Ms. Mickelwait, and thank you to all of our witnesses, for your powerful and valuable testimony.

I now recognize myself for 5 minutes for questions.

Ambassador C.deBaca, I would like to start with you. Both you and Dr. Shelley mentioned supply chains, that Congress is spending a lot of time thinking about supply chains in the context of cybersecurity. I wonder if you could give us some guidance? And Dr. Shelley, since you mentioned it too, I will turn to you next.

What actually should the Congress be doing with respect to mandating, requiring, encouraging, or asking for disclosure that would improve the visibility into supply chains?

Ambassador C.DEBACA. Thank you, Mr. Chairman. I think that one of the most important things is to remove the current situation in which most companies who are looking at their supply chains are either already good actors, or are doing it solely on a voluntary basis, so that they can then back off of as convenient.

And we saw that just in the last 24 hours with Inditex, the parent company of Zara, who has evidently taken their zero tolerance for forced labor policy off of their website due to Chinese pressure over the Weibo situation. I think that tells us right there that, even in something that has been as well-documented, even in something that has been as well organized as the cotton campaign and the garment work over the last decade, if it is left to companies to do voluntarily, they will do it when convenient. Or, they will do it through greenwashing and ineffective multi-stakeholder initiatives.

So, I think that we need to, just as what we have seen with the United Kingdom's mandatory disclosures and the Australian Modern Slavery Act that followed it, building on the example of the California Supply Chain Transparency Act, I think it is time for a United States Supply Chain Transparency Act at the national level, which does not make disclosure or doing work in your supply chain at all voluntary on the part of firms.

There is a lot that one can do by looking at the Federal procurement regulations, which again are bipartisan responses from both the Obama and Trump Administrations. President Trump and his folks took the Obama Executive Order and helped to put teeth into it, and I think it just shows that this is a consensus issue, that we can come together.

Chairman HIMES. Thank you, Ambassador.

Dr. Shelley, let me ask you to chime in if you would like to. I do have one remaining question for Mr. Koch, though, so let me ask you to be brief, if you would?

Ms. SHELLEY. Certainly. I certainly endorse what Ambassador deBACA says about supply chain transparency and how we need that on the national level and not just in California. But I think there also needs to be much more of an enforcement mechanism and not just voluntary declarations because it has not been as effective as needed.

I have been working for the last 2 years on an NSF grant looking at illicit supply chains in regards to human trafficking, and what is evident from this research is that many of the key notes intersect with the legitimate economy. So, as we are looking at, and as was just talked about, online activity and advertisements, so, that intersects with the internet. Then, we have transport of victims, which often occurs through commercial vehicles or often with ride-sharing. And then, the victims, of course, who are exploited by the traffickers are taken often to hotels and motels, which takes them and places them in another commercial environment, which is a legitimate part of our economy.

So, what we need to be doing is focusing much more on the intersection of this illicit phenomenon that is resulting with so much tragedy and how it is being facilitated and supported by legitimate

and large-scale companies in the United States. Because many of the hotels are large chains, and they have, until there started to be suits from victims, not paid enough attention to what was going on in their hotels and establishing policies. So, this is not something that is existing totally in the illicit and dark economy.

Chairman HIMES. Thank you, Dr. Shelley.

Mr. Koch, I only have 9 seconds left, so I am going to ask you to answer this question in written form. I am very interested to know whether there is alternative financial information that our current anti-money-laundering efforts do not capture that would be valuable in this effort. Again, I am out of time, so I cannot ask you to answer. But I would also invite the other witnesses, if they have thoughts about data that we might capture that would be helpful, to also respond subsequent to this hearing.

With that, I recognize the distinguished ranking member, Mr. Hill, for 5 minutes for questions.

Mr. HILL. Thank you, Mr. Chairman, and again, thanks for the hearing. And what an excellent panel. Everybody on our subcommittee is learning a great deal and we appreciate the heartfelt, detailed, and recommended ideas in your testimony.

Speaker Pelosi, whenever she gives an interview, always makes a statement—and I am going to paraphrase here. It is always, for her, she says, about the children. And so, this is certainly a major challenge when one thinks about human trafficking both on the border, domestically, and in other countries as a part of the transnational crime movement. I know this is a desponding topic for so many, and Speaker Pelosi often mentions it is always about the children. I hope that we on this subcommittee think about that, that it is in fact often about our youngest, most vulnerable people.

I mentioned in my opening statement about the encounters on the border, 100,000 alone in February, the highest in 7 years. One report I read said the highest in 15 years. So, this is a key challenge for us right now in the country. It is definitely a crisis. Jeh Johnson, who was our former Secretary of Homeland Security under President Obama, said that anytime there were more than 1,000 encounters a day, it was a bad number. So, I hope that puts in perspective the challenge that we have.

Ambassador C.deBaca, when an unaccompanied minor crosses the border into the United States, tell us how Health and Human Services and other agencies are responsible for the child, screening potential sponsors to ensure a child is not put into a harmful situation or a trafficking situation here in our country.

Ambassador C.DEBACA. As a former Federal prosecutor, my direct responsibility was investigating and prosecuting cases. But my understanding as to what HHS does with unaccompanied alien children is that within a short timeframe—I think 48 hours—they are tasked with identifying sponsors, preferably family members, whom the children can then go ahead and travel to join. There was a consensus in the 2008 Trafficking Victims Protection Act Reauthorization that the prior practice of releasing the unaccompanied alien minors back across the border was simply creating a revolving door and was creating an awful lot of sexual assault and other mistreatment on the other side of the Mexican border.

Mr. FRENCH. Thank you very much. I agree. I think it is a huge challenge. And right now, those held in unaccompanied conditions are—70 percent are not being met with any kind of resolution within 72 hours.

Mr. Chairman, I would like to ask unanimous consent to insert in the record a study that was released by the Senate Permanent Subcommittee on Investigations on Protecting Unaccompanied Alien Children from Trafficking and Other Abuses.

Chairman HIMES. Without objection, it is so ordered.

Mr. FRENCH. Thank you very much.

I was talking to my friend Melissa Dawson today. She runs the Centers for Youth and Family here in Arkansas, and they do an outstanding job helping our kids who are victims of trafficking here in the State. I visited that process, and I admire her so much. She talks about the issue of technology increasing trafficking, and she also talked about her concern that she cannot see cases get prosecuted because they are complex around—to track the transactions, and she is concerned about Bitcoin and cash apps.

So, Mr. Koch, is there a way that cash apps and other currencies, such as Bitcoin transactions, could be monitored more effectively for suspicious activity?

Mr. KOCH. Yes, absolutely. And I, again, would refer the subcommittee to my written statement where I address this, but let me explain the context in which I address it because it is a very important question.

It is the context of public-private partnerships, which the Congress did cover in the Anti-Money Laundering Act of 2020. There are some not-for-profit startups and there are other companies that are doing some brilliant, cutting-edge work in looking at cryptocurrency analysis, in looking at the dark web for specifically this purpose, and they are sharing the information with law enforcement and with the financial sector. And this information provides actionable intelligence for investigations. More should be done, but the public-private partnership theme, which I know your subcommittee is concerned with, as well, is one very effective way to go in that direction.

Mr. FRENCH. Thank you for that. I will have some additional questions for the record, and Mr. Chairman, I yield back.

Chairman HIMES. The gentleman's time has expired.

The gentleman from New Jersey, Mr. Gottheimer, is recognized for 5 minutes.

Mr. GOTTHEIMER. Thank you, Chairman Himes and Ranking Member Hill, for calling this very important hearing today, and to all of our witnesses for being here.

Many of the same online tools that we all use to keep in touch with loved ones or conduct business during this pandemic, as we all know, are increasingly being utilized by those who wish to do harm to our nation. This harm is not limited solely to political extremist hate and propaganda by groups like Hamas and Proud Boys, but also comes as illicit activities, such as groups that utilize social media to advertise or recruit potential human trafficking victims. This, to me, is unacceptable. Tech companies and social media platforms should be doing everything they can to stop the proliferation of harmful content.

Ms. Mickelwait, we see this time and time again, as websites drag their feet to remove illicit content and fail to report it to the authorities. Should tech companies be held to a higher liability standard when it comes to allowing this material to stay online? And what role could the financial services industry play to help stop illicit actors from profiting from the content generated by human trafficking?

Ms. MICKELWAIT. Thank you for that question. I think what is important here is to highlight the harm that these recorded crime scene videos do to these victims. It is one thing for a victim to be subject to rape, to be subject to trafficking. But what I have heard from countless victims, whom I have spoken with about their abuse online, is that it is the immortalization of their trauma—they call it that—because they go on with the knowledge that their abuse, that their trauma, the worst moments of their life, will live on in the digital space long after they are gone. And they live with that terrorizing knowledge.

I think that there is this high, high level of responsibility for sites like Pornhub, and like MindGeek-owned sites like XVIDEOS, xHamster, and others that are distributing sex acts, often containing minors, containing trafficked women, containing those who have not given their consent to be uploaded and distributed online. And I think that we must hold them accountable. We need to see age and consent verification when a sex act is uploaded online. I think that would go a long way in the area of prevention, like I mentioned.

Mr. GOTTHEIMER. Do you think the tech companies should be held to a higher liability in general? Should they be held more responsible for this?

Ms. MICKELWAIT. I think that they should be held responsible as any company that would knowingly benefit from a trafficking venture, would knowingly benefit from the distribution of child sexual abuse material. We have those laws in place, and I think that they need to be applied.

Mr. GOTTHEIMER. Thank you. If I can turn to the Ambassador now, do you believe that the current financial intelligence system we have in place is effective at providing the proper data to law enforcement to track and combat human trafficking through the financial system?

Ambassador C.DEBACA. I do not. And I think that one of the things that we have seen is that it has been a slow uptake of the SARs checkbox that has been added. It took a lot of staff work and it took a lot of dedicated folks in both the banking industry and over at Treasury to get that done. But it really needs, I think, to get disseminated out to the banks.

And, then, back at the Department of Justice and in the U.S. Attorneys' offices, the folks over in the Asset Forfeiture and Money Laundering Sections are working more closely with the folks over in the criminal section of the Civil Rights Division so that we can incorporate in following the money.

Mr. GOTTHEIMER. And just to follow up on that, Ambassador, should there be a coordinator at Treasury working with the Secretary? How would you provide this agency-wide coordination to

help stop, human trafficking? What steps should we take specifically?

Ambassador C.DEBACA. One of the things that we saw during my time as the coordinator for the U.S. Government was that when a Secretary's office brought the anti-trafficking fight into the highest level of the agency, things started getting done. We saw that at Transportation. We saw it at the Department of Education. We even saw it at USDA. So, I think that it would be a salutary thing for the Department of the Treasury to make that move, as well.

Mr. GOTTHEIMER. Thank you. And it is something I have been working with Treasury on to make sure that we are using all of our coordination and to stand up to the social media websites and cryptocurrencies and stay one step ahead here, which I think is key. And we will continue to work together to make sure that happens so that we are well-coordinated and our arsenals combat this threat.

So, thank you again to our witnesses for your time today. I yield back.

Chairman HIMES. The gentleman yields back. The gentleman from Texas, Mr. Williams, is recognized for 5 minutes.

Mr. WILLIAMS OF TEXAS. Thank you, Mr. Chairman, and thank you, Mr. Ranking Member.

Regardless of whether my Democratic colleagues want to recognize what everyone else can see in plain sight, there is a crisis at our southern border. There were 100,000 illegal immigrants detained in the month of February alone, and a large number of these were children and family units coming across our border.

I am extremely concerned that as our border patrol agents are being overwhelmed by all these people, it is making it easier for human traffickers to slip through the cracks and expand this horrible practice in this country.

Governor Greg Abbott, from my great State of Texas, summed up the issue well in a letter he sent to the Biden Administration earlier this week about what we are seeing on the ground. He wrote, "Recent decisions by your administration are emboldening dangerous cartels, smugglers, and human traffickers to ramp up their criminal operations. In many cases, these criminals entice unaccompanied minors into inhumane conditions and expose them to abuse and terror." And I, along with many of my fellow Texans, share the exact concerns of our Governor.

So, Ambassador, what additional steps should HHS be taking to ensure that children apprehended at the border are not being trafficked?

Ambassador C.DEBACA. I think there are a couple of things. First of all, I think it is not just HHS, but DHS itself, as you said. And I think putting all of the onus on our border patrol personnel takes one of the most important tools out of the tool chest, and that is the folks over at Homeland Security Investigations (HSI).

What we know about human trafficking is that it doesn't manifest itself in transit. It is something that typically is only known once people have gotten to their destination and are put into forced labor or sex trafficking. We are talking about an interior enforcement priority that HSI, I think, is good at, but always lacks the efforts, the money, the budget, the agents, et cetera, for it.

I think there are the kind of things that we heard from Ranking Member Hill about the situation up in Arkansas, with HSI agents being able to work hand in glove with their local counterparts. I think that is going to be really important.

As far as the HHS is concerned, there is good leadership over there in the counter-trafficking office, and I think that the procedures, as I understand it, are being worked on. I am not part of that effort. But I would say that typically, one wants to have as much information as possible about the families and placements that those children are traveling to join.

Mr. WILLIAMS OF TEXAS. Okay. Thank you. I do have other questions. But before I move on, I just need to reiterate one more time that we have a serious problem at our southern border, and so far, we have not seen the leadership that is needed out of the White House to get the situation under control.

Mr. Koch, we have been told that the current Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) thresholds are so low that it makes finding bad actors extremely difficult. We have heard it described as trying to find a needle in a haystack. And since there is so much information to sift through, how can we make the use of these suspicious transaction reports more useful for law enforcement?

Mr. KOCH. It should be part of a larger approach within the financial industry to deny the traffickers access to the system. Much of what has been discussed over the past few minutes has been reactive. And that is not bad, but it is different from preventive. And what is missing from the regulatory environment is that the global banking system is not doing risk assessments for trafficked labor in supply chains of their corporate customers, and that is a gaping hole. It is probably much larger than the SARs that talk about credit card fraud and identity theft and CTRs that report \$11,000 in currency transactions. So, I think you have to combine the two.

But as far as the actual thresholds, my view is that the CTR threshold is the correct threshold, and I would take guidance from law enforcement there on changing the number. It has been discussed many times over the years and they have consistently said, don't change the number.

I would take the same view with the SARs. It is not the number that matters. It is the narrative and the sophistication of the transactional analysis that I would focus on.

Mr. WILLIAMS OF TEXAS. Okay. Thank you. And, Mr. Chairman, I yield back.

Chairman HIMES. The gentleman yields back.

The gentleman from New York, Mr. Torres, is recognized for 5 minutes.

Mr. TORRES. Thank you, Mr. Chairman.

The 115th Congress, for the first time ever, established an exception to Section 230. The exception allows tech companies to be held civilly liable for sexually exploitive content.

I have a question for Ms. Mickelwait. To what extent has the law been effective at diminishing the online market for sexually exploitive content? Because I gather from your testimony that online platforms remain widespread facilitators of sex trafficking, even with the threat of civil liability.

Ms. MICKELWAIT. One thing that we are seeing now is the utilization of that law with regard to MindGeek, the specific case. Since December, there have been multiple lawsuits filed against the company, utilizing that carve-out. We are seeing two class action lawsuits on behalf of trafficked minors: one filed in California; and another filed in Alabama. And we also have a filing of 40 women who were trafficked on Pornhub, who are also utilizing that law. So, yes, we are seeing that this was an important accountability measure and that it is being utilized and, so, I think it is a positive thing.

Mr. TORRES. And you rightly pointed out that the Nicholas Kristof expose, "The Children of Pornhub," demonstrates that public scrutiny can create a powerful incentive for companies to do the right thing. Is there a role for the Federal Government to play in monitoring websites for sexually exploitive content and calling out companies that continue to facilitate sex trafficking?

Ms. MICKELWAIT. I believe that there is a role for the government to play in accountability for these sites. My recommendations are not just for monitoring, but really, the enforcement of laws, the updating of laws that we have already on the books. For example, I mentioned 18 U.S. Code §2257. This was a law that was adopted decades ago, and the problem with the law is that it is antiquated. It is old. It was implemented to prevent child sexual abuse, rape, and trafficking in the pornography industry back when DVDs and VHS tapes and magazines were the primary distribution method for this content. It needs to be updated, and I think that would go a long way in helping to prevent child exploitation, and trafficking on these big porn sites.

But also, like I mentioned, the Stop Internet Sexual Exploitation Act, which focuses on age verification and consent verification for sex acts that are being uploaded online. I think, again, that is a very, very critical and important priority that we must focus on to help prevent the distribution of this kind of content in the digital age.

Mr. TORRES. You made a powerful point about the immortalization of trauma, and I am wondering, how do we best prevent that? Should porn sites be more like YouTube, which does not allow for downloading? How do we best prevent the immortalization of trauma as you described earlier?

Ms. MICKELWAIT. First, I want to point out that up until the New York Times piece pointed out that there was this download button on every single video—and think about that, 7 million videos uploaded per year. And like I said, it would take 169 years to watch this content. And the company designed the site in such a way that they enabled a download button on every single video, even though they were not verifying age and consent for upload. And we have records that show that they only had less than 10 moderators per shift monitoring this content on the site.

This is kind of a business model. The way that these sites are set up is to have this unlimited ability to upload. Again, because content is king, because traffic is what drives profits. I think that, obviously, we need to disable the ability for those downloads.

But even if you disable the ability for downloads, people in this day and age can screen-record anything online and then they can

redistribute it again and again and again and again for the rest of time, once it is uploaded initially onto any of these sites. So, I think the preventative measure is, before upload, these sex acts need to be vetted. There needs to be accountability before upload, before these acts get onto these sites. We need those kinds of preventative measures in place.

Mr. TORRES. And then I have a quick question for the Ambassador. We all know China's role in the labor trafficking of Uyghur Muslims. Are there any other nation states, any particularly egregious actors that are known to aid and abet human trafficking, and have we imposed sanctions on those countries? And that will be my final question for the Ambassador.

Ambassador C.DEBACA. Yes. There are both in state-sponsored forced labor, such as the North Korean labor export scheme, which sends enslaved North Koreans into other countries, especially in industrial and manufacturing. But we have also seen sanctions on countries for mistreatment of trafficking victims, such as Iran and others.

I think one of the things that, as we are looking at—

Chairman HIMES. Ambassador, I'm sorry. The gentleman's time has expired. I need you to wrap it up quickly.

Ambassador C.DEBACA. Yes. Cotton is not simply a Uyghur problem. It also is a problem in the former central Asian republics.

Chairman HIMES. If you would like to elaborate on that answer, you can do so in writing for the record. The gentleman's time has expired.

The gentleman from Ohio, Mr. Davidson, is recognized for 5 minutes.

Mr. DAVIDSON. Thank you, Mr. Chairman, and thanks to our ranking member and to our witnesses. I just appreciate that we are having this hearing on an important topic.

I want to also thank my colleague, Ann Wagner, who has really done a lot of work on this in my time on the committee now and my time in Congress. It has been rewarding to be part of cosponsoring some of the bills she has worked on over time.

So, thanks for the work that you all are devoting to really ending this practice, or at least making the people who participate in it accountable. It is a black market practice in the United States, sex trafficking, human trafficking, and we have a very large black market.

Ambassador C.deBaca, what is the makeup of the demand component of this? You talked about interior enforcement when Congressman Williams was talking about it. How do we get after the demand? What is the profile of the demand and how do we focus on them?

Ambassador C.DEBACA. I think that one of the things that we see is there are two types of demand. There is demand for commercial sex and demand for cheaply-made goods that are kind of derivative demand that traffickers then use enslavement and abuse to meet. And then, there is the other demand, the even more pernicious demand, which is specific to child commercial sexual exploitation, almost a pedophilic demand for images or sexual contact with minors.

And I think we have to address both of those demands. If we only focus on the most heinous, I think that we are allowing these industries to flourish in those cracks.

Mr. DAVIDSON. I want to focus on where this happens. And then, I guess I am wondering, are immigrants and minorities more exploited as victims of human trafficking? Does that seem to fit the profile in the supply chain?

Ambassador C.DEBACA. This week in my class at Yale, we are just getting to the 1970s, and that is kind of the pivot point when the African-American community stops being the dominant group in which enslavement, modern slavery, is happening in the domestic service or agricultural farm work. In both of those sectors, we have seen a replacement of that previously excluded and vulnerable community by a predominantly immigrant community.

In sex trafficking, I think we still see folks from the minority communities, and, I think most troubling, the indigenous community. The tribes are seeing an awful lot of problems that are tied into a number of the other social ills that plague the tribes.

Mr. DAVIDSON. Thank you for that. And I think it just highlights how important it is, the interconnectedness here, with fixing our broken immigration system. It creates a massive black market. People are exploited on it tremendously. And we are a welcoming country for people who do it legally, but the broken nature of the legal system in the United States, coupled with the massive appeal of our country as a true land of opportunity, creates a big desire to be here even if it means being here illegally.

And I think the interior enforcement should not be looked at as hostile; it should be looked at as compassionate. We have to end these practices. We have to secure our borders. It is a component of national security, and it is a component to end human suffering and exploitation, or at least diminish it here in the United States.

I think one of the areas that we should look at—and it is noticed in this bill. It is not so much a focus here on the Securities and Exchange Commission. Congressman Torres talked about Uyghurs and Uyghur exploitation in China. And, as a component of our foreign policy, I think it has been a great legacy for the United States to deal with human rights, and China is clearly abusing their Uyghur population in virtually every way that you could imagine.

I think that the bill that we noticed, talking about how to turn the SEC into sort of a law enforcement mechanism for other good causes, is wrong-headed. We should look at sanctions, and I would love to work with Congressman Torres on that, and others in the committee, because stronger things with the tools that we already have using the Office of Foreign Assets Control (OFAC) would be more useful than trying to go passively and just go after publically-traded companies and their supply chains.

So, thanks for the work. I look forward to collaboration with members of the committee and with some of our witnesses if you have any ideas. So, with that, I yield back.

Chairman HIMES. The gentleman yields back.

The gentlewoman from Pennsylvania, Ms. Dean, is recognized for 5 minutes.

Ms. DEAN. Thank you, Mr. Chairman, and thank you for bringing together such an amazing panel of experts.

I want to ask a couple of quick questions.

Rev. Hatcher, how can we more effectively support survivors of human trafficking, both their physical and mental health, but also their financial well-being?

Rev. HATCHER. That is a great question. First of all, we need to turn the pain into purpose and the exploitation into economic empowerment. Those two things together give survivors a chance. There is that lack of hope. If you have no hope, there is no chance of trying to become a productive member of society. And we are talking about lives who are utilized for constant pounding and sexual activity that numbs them to what is really going on in the world, what really is good about being alive and being a human being and being a person who is able to contribute to the world. And to have an enriched way of looking at things, to have dignity and respect. So, the most important thing is to get victims and survivors to a point where they want to live, where they want to be a part of society, where they feel they can contribute to society.

I was blessed to be in an environment at the Cook County Sheriff's Office that believed in rehabilitation. The domestic violence sent me to that really awful place. I was missing for 2 years. But I ended up in this safe place, if you happen to be jailed, but this safe place that gave me services. Okay. Then, my 17 years in the corporate sector brought that together.

But I am not the normal profile when it comes down to prostituted and exploited individuals. Most of them have not had an opportunity to be contributing members of society before, to be able to know that there are norms that do not include their body being sold to meet their basic needs.

So, we need to make sure that there is no long-term impact, like criminalization. For me, I was in a forward-thinking environment and was hired with a felony conviction that was not until 13 years later granted executive clemency by Governor Rauner. Think about that. The Sheriff's office said, "We believe in rehabilitation, it is okay, we know that you have things to contribute."

We have to not criminalize survivors. We have to, when they are criminalized, provide vacatur opportunities. And from the very beginning, there has to be a plan. There has to be a plan to provide, meet that person where they are at, walk side by side with them to know exactly what they need. And it takes a team. It takes a multidisciplinary team.

Ms. DEAN. Thank you, and I apologize. I could listen to you give us more information, but I only have so many minutes, and I want to try to get one other question in that sort of follows. But thank you for what you just said and what you highlighted. It somewhat follows what Mr. Himes was asking when his time stopped.

Mr. Koch, in your testimony, one of your recommendations was for financial institutions to require the risk of human trafficking to be included on the annual money laundering assessments, which is something few currently do. What would that assessment look like? Can you explain how it would benefit and ultimately reduce trafficking?

Mr. KOCH. The benefit would be that it would keep trafficking out of that institution. It would make it more difficult for large

projects and large corporations that have trafficked labor and child labor in their supply chains to access financial products.

What it would look like—there is actually a model. It is an interactive model that is in my written statement that we will not have time to go through today. But what it would look like is that the banks would evaluate. If you take a very large construction project, for example, look at the construction of the football stadium in Qatar in connection with the upcoming World Cup soccer tournament.

If you believe that there is trafficked labor in the construction supply chains, why hasn't the very sophisticated credit analysis that all the big western banks have gone through when they decided to open up lines of credit in the hundreds of billions of dollars, why hasn't that analysis included an analysis about whether the construction crews have trafficked labor? If the analysis expands to that, you can get representations and warranties and covenants in your credit facilities so that you can address this problem. And if the borrowers don't address it, they will be denied credit.

Ms. DEAN. Super. Thank you, Mr. Chairman. I yield back.

Mr. CHAIRMAN. The gentlelady's time is expired.

The gentleman from Ohio, Mr. Gonzalez, is recognized for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Chairman Himes and Ranking Member Hill, for holding this important and timely hearing. And thank you to our panel of witnesses. It has been incredibly important to hear your testimonies and your insights into this critical issue.

Online child exploitation is one of the worst issues facing our society. Last year, the National Center for Missing and Exploited Children received more than 21.7 million reports of child exploitation, representing a 28 percent increase over 2019, as folks have been stuck inside during this pandemic. Congress must pay increased attention and provide the requisite funding, but also make the appropriate changes to the law.

On that note, Ms. Mickelwait, I want to start with you and pick up where Mr. Torres left off on the immortalization component. I think, frankly, the suggestions that you made in your testimony are common sense. I look forward to working with anybody who wants to work on this to make sure that we get these implemented. I cannot see why we would not want reliable agent consent verification procedures for any image of a sex act uploaded online.

But on the immortalization piece, what recourse do victims have, if any, to get the content taken down? Are they able to use the tools of the law to get it taken down? Or how would they go about doing that?

Ms. MICKELWAIT. This is a huge, huge problem, because even when they are able to get this content taken down, what we find again and again is that it gets re-uploaded again and again and again. And so, these victims live in a state of kind of obsession with trying to find their abuse material online.

They live with the fear that they cannot even go out sometimes to the grocery store or apply for a job. They believe that somebody has seen the videos of their exploitation and abuse. Often, it causes

them to be suicidal, to have suicidal tendencies and thoughts, severe depression, all of these things. Once these videos get online, these images, it is almost impossible to guarantee that they won't be uploaded again.

There are some measures that are implemented on these sites for victims to be able to remove content, but often, they are ignored. We have many cases, and a case, for example, of Pornhub—

Mr. GONZALEZ OF OHIO. Can I reclaim my time? I'm sorry, Ms. Mickelwait, just for a second. I saw Dr. Hatcher nodding her head. I just want to let her into the conversation. Does that resonate with you, the story that Ms. Mickelwait was just telling?

Rev. HATCHER. Absolutely. I agree with everything that she is saying. It causes extreme re-traumatization, and it is like it becomes their job to try to find where their images are, where these videos are. And that constant angst and anxiety of, has someone seen this? And in a lot of cases, they have. So, it is a constant sense of re-traumatization.

Mr. GONZALEZ OF OHIO. Thank you for that.

Mr. Koch, I want to switch to you. One of the biggest barriers to effective tracking of money involved in human trafficking is the widespread use of aging technology by banks as they monitor transactions for signs of money laundering. As you may know, banks are required by law to monitor the activity. Most monitoring systems are rules-based, so programs with an if-then scenario. So, if certain things occur, then transactions will be flagged.

Today, it strikes me we could and probably should be using AI-based technology, like machine learning, to recognize suspicious patterns. One, do you agree with my assessment? But then, two, what would need to happen to convert the industry to more high-tech tools?

Mr. KOCH. First of all, yes, I agree with your assessment, although the industry has progressed quite a lot in the last few years from the traditional rules-based. Many of the large banks are using machine learning and AI. The smaller banks and the credit unions are not, and those are serious vulnerabilities. And there are ways to address those, as well, with some of the public-private partnerships. But absolutely, your fundamental point about using technology is critical.

And I would add something to that. In addition to machine learning and AI, in addition to the rules-based, there is the typologies-based, and that comes from information sharing between law enforcement and the private sector. When you do a post-mortem after you bring down a trafficking ring and you understand how they access the system, how they move their money, how they stole identities and the like, you can develop automated rules that are based on those typologies to prevent and detect those instances from happening again. So, I would do all three.

Mr. GONZALEZ OF OHIO. Thank you, and I yield back.

Chairman HIMES. The gentleman's time has expired. The gentleman from Illinois, Mr. Garcia, is recognized for 5 minutes.

Mr. GARCIA OF ILLINOIS. Thank you, Chairman Himes and Ranking Member Hill, for holding this important hearing. And thanks to our witnesses for joining us today, especially Rev. Hatcher, who hails from Cook County here in the Chicagoland area.

I arrived in this country from Mexico when I was a child. My father came to work under the Bracero program, a government program that brought Mexican workers to the United States. Since then, I have seen our global economy change, and I have seen the evolution of legal and illegal ways to supply labor to employers. And I have seen that human rights and labor rights always go together. It is almost impossible for someone with no labor rights to speak up about trafficking, and it is hard for a person without status to speak up about labor exploitation.

So, I want to direct my first question to Ambassador deBaca. When some people hear about the horrors of human trafficking, their first instinct is to close the borders and shut off immigration. Does that make sense to you? Or does criminalizing immigration just make trafficked workers more vulnerable to corrupt employers and traffickers?

Ambassador C.DEBACA. I think what we have seen, Mr. Garcia, is exactly I think what you are noticing, which is that the more securitized the border is, the more there becomes a need to go to the gray economy and find facilitators and smugglers to get into that country. And without having sane and sensible guest worker programs with protections, without having family unification, without having alternative means of immigration, it is not simply that the people will come. We should not put this on the workers. It is that the farmers want the work. The people who own the companies want the workers.

Frankly, it was the North Carolina agriculture community that pushed for an African guest worker program before the Civil War because they thought that it would bring down the price of slaves. It was the folks who were building the railroads who pushed to bring in Chinese folks, whom they later excluded. So, I think that we need to look at it not simply as an issue of the foreign worker who wants to come to the United States and get a job, but thinking about how the American employers can actually get the folks that they need to do the work. There are plenty of people who are more than willing to come here and contribute and do that work.

Mr. GARCIA OF ILLINOIS. Thank you for sharing that insight. Ambassador, in your testimony, you mentioned the construction industry and how we need to hold traffickers accountable, not only at the work sites, but for the financing and insurance of construction projects, as well. Do you think there is a way that workers and labor organizations, like trade unions or worker centers, could be helpful in identifying exploitation and holding these groups higher up the chain accountable?

Ambassador C.DEBACA. Yes, sir. We certainly saw that in agriculture with the Coalition of Immokalee Workers, who started out in tomatoes and pickles and I think oranges, many of whom were survivors of a notorious coup leader in the 1990s in his slavery ring.

But what we have seen is a worker center and a construction union in the Twin Cities, in Minneapolis, who have taken that approach, the Immokalee approach, and started to work to clean up the construction sites and the construction industry there in Minnesota. And I think that when we actually bring together the worker power, we can set a lot of standards that then good employers

can look to as far as how they govern their supply chains and their worksites.

Mr. GARCIA OF ILLINOIS. Thank you very much.

And again, I appreciate all of the fantastic witnesses for shedding light on exploitation and trafficking of humans. Thank you so much.

Chairman HIMES. The gentleman yields back.

The gentleman from Texas, Mr. Taylor, is recognized for 5 minutes.

Mr. TAYLOR. Thank you, Chairman Himes. I appreciate it. And Ranking Member Hill, I just wanted to echo your encouragement for, if not in-person hearings, hybrid hearings. I know we safely did those last year and hoped they would come back. I think it really facilitates our ability to interact with each other in person.

And I will just further echo Ranking Member Hill's comments about the crisis on our southern border. A few days ago, I was at an emergency intake site in Dallas, Texas, where a facility that had zero—did not even have a signed lease last week, hit capacity at 2,300 children as a result of what officials there called the greatest crisis they have ever seen. And it is very worrisome, and I know that it is going to result, unfortunately, in more human trafficking as a result of just not having the personnel to secure our border.

Shifting over to this topic, I wanted to build on my colleague, Representative Dean's, questions about helping survivors to take the next step. Something I worked on when I was in the Texas legislature was legislation to help victims of human trafficking to be able to seal their records. Many of them, while they were trafficked, had been convicted of crimes while they were being trafficked, and those criminal convictions would preclude them from really living full and productive lives.

Rev. Hatcher, I was going to ask you—if I may be so bold as to ask you—did you incur a conviction while you were being trafficked or did you know others who had gone through that?

Rev. HATCHER. Yes. So, that is my story. Thank you for asking that question. I was arrested and I was actually sent to—my traffickers sent me out to get drugs to bring back to where the sex acts took place for enormous amounts of time. All it was, was the selling of sex, and the use of drugs was 24-7. So, I was sent out to do so. And I was arrested.

I mentioned that I received executive clemency from then-Governor Rauner for a conviction for drugs. But the application for clemency was built on the fact that I was a trafficking victim and that I was under duress and sent out to do their bidding, which is the typical story, sir. We are the ones who end up with the convictions and the difficulties in getting back in the mainstream society.

Mr. TAYLOR. Sure. I know that in Texas, we were able to pass laws to help victims like yourself who were convicted of crimes while they were being trafficked to be able to seal their criminal records. Did they have a similar law for the crimes you were convicted of in the State of Illinois?

Rev. HATCHER. The reason why my only recourse was to receive executive clemency and expungement by the Governor of Illinois

was because in Illinois, the law is more narrow. And in Illinois, there is a law—if the convictions had been related to prostitution or human trafficking, everything would have been able to be vacated. But because it was a drug charge, a drug charge was not in that, so there were certain prior crimes that did not qualify.

Mr. TAYLOR. Yes. And I will say, I was very surprised when I came to Congress and reviewed—there is no sealing law in Federal statute today. A sentence to a Federal penitentiary should not be a life sentence. And I think if we want to help people get their lives back, we need to work on that.

I actually signed on as an original lead with my colleague from New York, Hakeem Jeffries, on a piece of legislation to expand the very narrow—we have a very narrow piece of expunction. But I am also working with him on this sealing law to try to help people who have been convicted of a crime, who served their time, to be able to seal their record so that they could take that next positive step in their life the way that you have. I think you really exemplify—

Rev. HATCHER. Well, they could seal them. Yes. I should say, sir—excuse me for interrupting. They could seal them. But in terms of making it go away, then yes.

Mr. TAYLOR. But understand, under Federal law, there is no sealing provision today. None.

Rev. HATCHER. No. And it is terrible—

Mr. TAYLOR. It would make sense to me to take the lessons that we have learned on crime at the State level and apply them to the Federal level and really give so many millions of Americans their chance to get their lives back.

Mr. Chairman, I yield back.

Chairman HIMES. The gentleman's time has expired.

I now recognize the Chair of the Full Committee, Chairwoman Maxine Waters, for 5 minutes.

Chairwoman WATERS. Thank you so very much, Mr. Chairman. I am so pleased you are holding this hearing. And this is a subject that has been talked about and talked about and talked about, and I think now what you are doing is providing the leadership for us to really do something about it.

I would like to address my question to Rev. Dr. Hatcher and Mr. Koch. You have worked directly with survivors and with efforts to support survivors. Without proactive engagement, it can be difficult for survivors, whose credit and identities have been misappropriated and damaged, to secure employment or shelter. Lacking identification such as birth certificates or driver's licenses, they face hurdles in accessing the banking system and navigating services to access benefits and restore identities. Can you illustrate how the financial services industry can help and how non-profit services, law enforcement, and government can take action to support survivors so they may escape this nightmarish cycle of abuse?

Rev. HATCHER. First of all, it is an honor, Chairwoman Waters. I am a great fan of yours.

So, I will give you an example. What happened when I was in my exploitation was, one of the traffickers involved in my orbit got me to sign for a car, because, before my trafficking experience, I had A-1 credit, so he had me sign for a car. I still have that, even though it was years ago and I have worked around it, it is still

something that they call me for. And, of course, there is interest. But that in itself, there was fear.

First of all, survivors have a hard time making it back because of—I had financial literacy in my previous life, but after exploitation, I did not even—I was scared. And I did not have the ability at that time to get my credit report run, out of fear. I knew how to do it, but most survivors—many do not ever have a credit report run, know what they need to do to rebuild their credit, or obtain for the first time a credit card. It took me time to get my bank account situation back because I was scared to even try to do that again.

There needs to be financial literacy. There needs to be financial coaching for survivors so that whatever point they need to start doing this, to get that financial foundation, they need support. They need help, and they need someone who is going to help them navigate the system, the financial systems, to get their lives back.

The other thing, though, I would say, not only that, is to deal with the fact, in therapy, that this was not your fault. There is so much guilt associated with—you look really bad when you have bad credit. It is just most people think of—but when you look at it as somebody who is not going to give me that chance, they are not going to give me any of the chances along any lines, and now I cannot even get a bank account or a credit card.

Chairwoman WATERS. Wow. What a nightmare.

Mr. Koch?

Mr. KOCH. Yes. Thank you, Madam Chairwoman. It is nice to meet you.

Chairwoman WATERS. Thank you.

Mr. KOCH. The Liechtenstein Initiative that I participated in, and it is still very active, is a public-private partnership cosponsored by the governments of Australia, the Netherlands, and Liechtenstein, and co-convened by Muhammad Yunus, the Nobel Peace Prize winner for micro-credit.

We created what we call the Survivor Inclusion Initiative. We recognized very early on that survivors, if they are lucky enough to escape their traffickers, often learn that their identities have been hijacked, and that can make it impossible to open a bank account. Their credit histories have been ruined, and it can be difficult to get a job, difficult to get an apartment. And, of course, all of that makes them more vulnerable to re-victimization.

So, we created the Survivor Inclusion Initiative. I brought together 12 global banks. And in partnership with Polaris, who brought together some of the larger victim service providers in the country, we created a mechanism to open simple checking and savings accounts for [inaudible] survivors. And it is really very gratifying to be able to report to you that in about a year's time, we had opened approximately 2,000 bank accounts—

Chairwoman WATERS. Wow.

Mr. KOCH. —in the U.K., Canada, and the U.S, and that program continues.

Since I am out of time, I will mention very quickly that the suggestion that you mentioned about credit repair and financial literacy is a concrete area where a lot of stakeholders can make a contribution. There is an opportunity for credit repair legislation

and financial literacy programs. We are working on those, as well, and would be happy to speak to the staff to continue that discussion.

Chairwoman WATERS. Thank you so very much. I appreciate all that you have done and the leadership you have provided. And there is hope, given the kind of reformation that you share with us, for us to be able to do something about it. And with Mr. Himes in charge, we are going to get something done.

Thank you very much.

Chairman HIMES. The chairwoman yields back.

The gentlewoman from Missouri, Mrs. Wagner, is recognized for 5 minutes.

Mrs. WAGNER. I want to thank Chairman Himes and Ranking Member French Hill for allowing me to speak at this hearing. I am subcommittee-crashing at the moment, but I am grateful for them allowing me to discuss an issue that I am so passionate about, and talk about the bad actors that can profit and evade detection through the financial services industry.

I was so proud when Congress passed my Fight Online Sex Trafficking Act (FOSTA), with the help of many of our witnesses and so many on this committee, also, on a bipartisan basis. I can say that FOSTA was also—we led the only successful effort to amend the increasingly controversial Section 230 of the Communications Decency Act in the history of Section 230, since 1996. And FOSTA really helps expose and hold accountable websites that profit from modern day sex slavery.

The financial services industry plays a pivotal role in combatting trafficking, and these stakeholders must ensure that their products are not being used to purchase child sexual abuse and sex trafficking material. I have worked at length with credit card companies to help them better scrutinize their payment processing.

And following the tireless campaign of Traffickinghub and Laila Mickelwait, which precipitated a scathing report from the New York Times in December on the massive amount of rape and child sexual abuse materials on Pornhub, as was previously stated in her testimony, Visa, MasterCard, and Discover announced that they would no longer process payments to the website. And just days later, Pornhub removed up to three-fourths of its library, totaling roughly 10 million videos. This is a good first step, but more must and can be done.

The coronavirus pandemic has exacerbated the problem of online enticement to an unprecedented degree, and Laila, who hails from my home State of Missouri, has done tremendous work to expose other websites, like OnlyFans, that promote child sexual abuse. But credit card companies still service OnlyFans and the site uses mainstream, low-risk, merchant category codes, despite charging customers for explicit content that preys on our children. I hope that by shedding light on these bad, bad actors today that financial services companies will choose to better scrutinize these sites.

I am also thrilled to welcome Marian Hatcher as a witness today. Marian was indispensable to my team as we worked to get FOSTA over the finish line, and she is truly one of the nation's preeminent public servants.

Ms. Mickelwait, given your experience with Pornhub and MindGeek, how can financial services companies take proactive steps to ensure that their services are not being used to purchase child sexual abuse material online?

Ms. MICKELWAIT. Yes. Thank you for that question, and thank you for your work, Mrs. Wagner. I have really appreciated, as an activist, your passion and dedication to fighting sex trafficking specifically. So, thank you. Thank you for that.

And I hate to sound like a broken record—often I feel like I am—but these companies—when you are talking about sex trafficking, when we are talking about sex acts that are being uploaded online, we need accountability and oversight on the nature of those sex acts. Credit card companies should not be allowing their services to enable transactions if these companies are not verifying that these are not children who are being trafficked and raped for profit on their site; and that these are, in consent and agreement, that these are not women who are being assaulted, who are being drugged and raped, who are being trafficked for profit, as well.

Mrs. WAGNER. And if I could, Ms. Mickelwait, because I am running out of time here, how does the mislabeling of merchant category codes, such as this case with OnlyFans, make it more difficult for financial services companies to monitor potential human trafficking and child sexual abuse?

Ms. MICKELWAIT. Unfortunately, my expertise really has focused on the big porn sites, like MindGeek sites, and I am not familiar with those merchant category codes. So, unfortunately, that is not a question I would be able to appropriately answer.

Mrs. WAGNER. My time has expired. Mr. Chairman, I want to thank you. This is so, so very important. And I would like to submit the rest of my questions for the record. And, also, I would like us to really look into these merchant category codes and bring it to light through our Financial Services Committee and through your subcommittee. So, again, thank you for indulging me and for convening this really important hearing. I am grateful.

Chairman HIMES. The gentlelady's time has expired.

And I would like to thank our witnesses for their very powerful, very useful, very pragmatic, and constructive testimony today. I think I speak for all of my colleagues when I say we are grateful for the opportunity to discuss in a bipartisan way how we can address one of the uglier aspects of our society.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

With that, I thank the Members, and I particularly thank the witnesses, and this hearing is adjourned.

[Whereupon, the hearing was adjourned at 1:46 p.m.]

A P P E N D I X

March 25, 2021

**House Financial Services Committee
Subcommittee on National Security, International Development,
and Monetary Policy**

Hearing on

**Ending Exploitation: How the Financial System can Work
to Dismantle the Business of Human Trafficking**

**March 25, 2021
12:00 pm**

Testimony of Ambassador (ret.) Luis C.deBaca

Gilder Lehrman Center for the Study of
Slavery, Resistance and Abolition
Yale University¹

Chairman Himes, Ranking Member Hill, and Members of the Committee,

It is an honor to appear before you today as you explore the issue of financial sector solutions to the problem of human trafficking. My name is Luis C.deBaca. I serve as a Senior Fellow at the slavery studies center at Yale University and as Visiting Lecturer in Law and Architecture. I served at U.S. Ambassador to Monitor and Combat Trafficking in Persons under the Obama Administration, and as Director of the Justice Department's Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking in the Obama Administration and in the early days of the Trump Administration. In prior roles, I was the Chief Counsel of the Justice Department's Human Trafficking Prosecutions Unit, was DOJ's Involuntary Servitude and Slavery program coordinator, and was Counsel to the House Judiciary Committee, where I was the lead staffer on the 2008 Trafficking Victims Protection Reauthorization Act.

Scope, Nature, and Definition of Human Trafficking

The United States defines Trafficking in Persons as manifesting in two market sectors: for commercial sexual activity and for labor. Force, Fraud, and Coercion are the hallmark of both the Forced Labor offense, 18 U.S.C. §1589, and Sex Trafficking of adults, 18 U.S.C. §1591. For children, much as we see in statutory rape and age-of-consent laws, commercial sexual activity is presumed to always be coercive by virtue of the victim being under eighteen years of age. 18 U.S.C. §1591. Despite the casual usage of the term "trafficking," movement is not required or dispositive; the heart of the offense is the coerced service of the victim.

¹ For identification purposes only; this testimony is not the official position of Yale University or its affiliates.

When a human trafficking instance does involve recruitment or transportation, it can overlap with other illicit flows, such as drug trafficking, illegal timber harvesting, organ trafficking, or alien smuggling. But unlike these illicit flows, it is critical to remember that human trafficking involves people. A kilogram of cocaine or even an exotic bird is not a rights-holder, and states and institutions do not have responsibilities to them the way we do to people whose core rights have been violated.

So too, trafficking is not a synonym for alien smuggling or harboring, which are separately defined in United States law, *see, e.g.* 8 U.S.C. 1324, and are not part of the regime created by Trafficking Victims Protection Act of 2000 (TVPA) or previous statutory tools based in the Thirteenth Amendment's guarantee of freedom. "Trafficking in Persons" is a relatively new term, supplementing and modernizing the Justice Department's previously named "Involuntary Servitude & Slavery" program. Describing the issue as "modern slavery" is not rhetorical usage, but reflects the underlying right that is being protected through these efforts.

Human Trafficking is also governed by an array of national legislation and international instruments. The international analogue to the Thirteenth Amendment is Article 4 of the Universal Declaration of Rights, which tracks the language of the U.S. Constitutional provision in articulating the underlying right. The concepts are actualized through Conventions and Protocols against Forced Labor, Trafficking in Persons, and other gradations of the phenomenon; while definitions differ slightly, all are rooted in the ultimate exploitation of the person.

As to the scope of the issue, the International Labor Organization (ILO), the International Organization for Migration, and the Walk Free Foundation have partnered to undertake the Global Estimates of Modern Slavery, which is the basis for the Global Slavery Index. Because of the complexity of the undertaking, and COVID, the most recent estimates set forth in the GSI are from the 2018 Report – 24.9 million people are in forced labor or commercial sex, and 15.4 million people are in forced marriage. Seventy-one percent of the victims are female. An ILO study in 2014 estimated human trafficking generated \$150 billion in profits – this study continues to inform our understanding of the financial reach of this crime.

Sadly, criminal investigations and prosecutions have not kept pace with the scope of this scourge. The 2020 Trafficking in Persons Report identified 11,841 prosecutions worldwide, of which only 1,024 were for forced labor; one can only assume that the numbers will be even lower in this COVID year. Financial investigations and Asset Forfeiture/Money Laundering (AML) tools could therefore not only be a means by which to narrow the gap between the dramatic number of victims and lesser state responses, but could also provide structural pressure to prevent trafficking or to make survivors whole through restitution facilitated by asset tracking capabilities.

Human Trafficking is a National Security Issue -- and also a Human Rights Crime with Economic/Financial Impacts

Human Trafficking is not simply a crime or social phenomenon but is a national security threat to the United States. A little over four years ago, the first-ever United Nations Security

Council Resolution on human trafficking was adopted in response to high-profile instances of trafficking “in the context of armed conflict.” UNSCR 2331 (2016). The Resolution harnessed the Financial Action Task Force (FATF) and corresponding regional bodies (the FSRBs) and encouraged States to develop expertise within their Financial Investigative Units (FIUs). The Resolution is rooted in those instances of trafficking in furtherance of terrorist activity, and its adoption was therefore a recognition by the nations of the world that human trafficking is a national and international security threat. Such a characterization is not only factually and legally justified, but brings with it new resources and approaches, such as inclusion in national security strategy planning, increased collection activities in the Intelligence Community, and the ability to harness financial tools developed in the counter-terrorism fight.

However, human trafficking is not only properly criminalized or responded to at the national or international levels because of terrorism. Trafficking in Persons violates core United States interests and values because it directly subverts the guarantee of freedom from Slavery and Servitude set forth in both the Thirteenth Amendment and the Universal Declaration of Rights.

Cleansing the financial system of money tainted by this form of modern slavery should therefore not be seen as a priority only in relation to terrorism but as a stand-alone reason for engagement by regulators, banks, and other stakeholders. Clearly, this is a problem of human insecurity, given the violence and harm suffered by its victims and the destabilization of communities and even states. It is also a problem because such grave human rights violations are a national security threat to the United States and the values that we seek to advance through our global leadership. Our commitment to standing against modern slavery and its effects around the world through the “3P Paradigm” (prioritizing Prevention, Protection, and Prosecution as opposed to merely law enforcement or border security) is an important aspect of national security, through our support and cooperation with other governments as well as the effect on the United States’ reputation in the global community.

The Relationship Between the Financial System and Trafficking in Persons

When money tainted by forced labor, forced prostitution, or commercial sexual exploitation of children enters the financial system -- whether as proceeds of the crime or instrumentalities of the offense -- it is a financial manifestation of a slavery crime that denies people of their freedom, destabilizes labor markets, and keeps vulnerable communities trapped in cycles of debt and poverty.

Traffickers and those who profit from trafficking use the financial system to move money, to collect payments, and to commit additional crimes such as fraud and wage theft against those who they are holding in compelled service.

Unbanked people are vulnerable to traffickers. Lack of access to the financial system leads to self-collateralization, resulting in the onerous up-front debts for recruiting fees or transportation costs that too-often deliver workers to the job-site effectively in peonage before they have worked even a day.

And, financial fraud and identity theft by traffickers further victimizes those upon whom they prey. A financial system in which this crime is poorly understood exacerbates the victimization through credit scoring and other means, just as lack of understanding has kept survivors out of transitional job opportunity because of criminal records or the inability to meet licensing standards for such occupations as cosmetology, massage, or possibly even positions as bank tellers or in mortgage lending.

We have seen several entities step up to the risks and opportunities around trafficking and the financial system. For instance, almost four years ago a convening at Grace Farms in New Canaan, CT, brought NGOs, financial sector representatives, money-laundering experts, and government actors together. This pathbreaking gathering, held in partnership with the Security Council's think tank (U.N. University) and the Government of Lichtenstein, resulted in the 2017 publication "25 Keys to Unlock the Financial Chains of Human Trafficking and Modern Slavery."² Subsequent efforts such as the Lichtenstein Initiative Finance Against Slavery and Trafficking (FAST) sharpened the analysis and identified a way forward with a blueprint for mobilization; I highly recommend the work of that commission as pathway for engagement.

Risks and Opportunities – the Example of the Construction Industry

Many of the initial discussions and preliminary responses to financial aspects of human trafficking issue have been around the retail level, and many have been drawn to the issue because of the critical need to confront and disrupt sex trafficking networks. But the risk is much broader and touches on aspects such as commercial banking and construction financing, as I think my fellow panelist Barry Koch will address in his testimony today.

Construction financing is particularly worrisome, but is also a potential avenue for leadership. Construction and related industries are routinely identified as sites of forced labor, and extractive efforts in timber and mining often drive sex trafficking in surrounding communities. This last Fall, Grace Farms' "Design for Freedom" report identified a number of at-risk building materials supply inputs in addition to the modern slavery we've see on jobsites from Minneapolis to the Arab Gulf and everywhere in between. The Report sets forth concrete steps that firms can take, and I highly recommend it to your attention. https://www.designforfreedom.org/wp-content/uploads/2020/11/DesignforFreedom_FullReport.pdf

The work of this subcommittee can take the Design for Freedom ethos even farther, because confining liability and risk only to Architectural, Engineering, and Construction firms would let the financiers of construction projects off the hook. Not incorporating the risk of human trafficking in the built environment into the financial or insurance aspects of a project shifts externalities to workers and vulnerable communities and relegates the issue over to either toothless corporate social responsibility efforts or to overworked law enforcement and service entities.

Confronting trafficking in the construction space through financing or insurance reviews could provide important leverage opportunities for anti-slavery requirements to be built into projects

² I participated in that convening and other Grace Farms efforts as a consultant to their Justice Initiative; my testimony today is not the official position of Grace Farms or its affiliates.

from the beginning. Useful financial intelligence around construction materials and other supply chains could even bring opportunities for disruption, innovation, and profit in both that multi-trillion dollar industry and the financial practices that accompany it.

International Financial Institutions and Multilateral Development Banks

There is an opportunity for leadership in the counter-trafficking fight that goes beyond private financial institutions. The International Financial Institutions (IFIs) have several tools, such as the World Bank's advisory services to countries and stolen asset recovery initiative, which *might* be brought to bear, but the IFIs and the multilateral development banks (MDBs) have not yet taken an active role. There is a useful model that could be applied: the U.S. International Development Finance Corporation (DFC) includes prohibitions against forced and child labor in their project language much as the Federal Acquisition rules prohibit slavery/trafficking in federal contracting. That approach, if incorporated into the IFIs and MDBs practice, could have a transformative effect on the fight against human trafficking, much as incorporation of LEED standards and requirement into federal building projects had a spillover effect on private business and made environmental sustainability an industry norm.

Partnerships for Prevention, Protection and Restoration

The financial sector also has an opportunity to lead in restoration of survivors and in support of the organizations that aid them. Banks and consumer credit rating agencies should aggressively develop methods by which survivors could repair their credit. Partnerships such as the support that PayPal gives Polaris (which operates the national hotline) for their Financial Intelligence Unit can bring NGOs and survivors to the table with institutions that are only starting to engage. Industry associations can develop and disseminate standards and training materials, such as the American Bankers Association's trainings for front-line, compliance, and data analysis staff. Institutions could examine their workforce needs for potential job training and placement programs – trafficking survivors have repeatedly proven to be effective and productive employees.

Such efforts reflect the practice of the interagency and many anti-trafficking groups to supplement the "3P Paradigm" of the TVPA with a "Fourth P" – Partnerships. Partnerships should not be limited to the private sector and NGO community. For instance, the Internal Revenue Service could expand their Taxpayer Advocate Service to incorporate trafficking survivors' experiences, and work with survivor groups and service providers to address tax issues that stem from their time in servitude. The NGO Liberty Shared (founded by members of the banking community) not only conducts important research and provides critical information to law enforcement and customs agencies, but also maintains a Victim Case Management System through which NGOs around the world can manage their caseloads – a project initially seeded by the State Department.

Financial Oversight Agency Engagement is an Opportunity for Impact

There is a need for agency-wide coordination at the Treasury Department. In the late 1990s, the Justice Department and Department of Labor took that approach with the Worker

Exploitation Task Force, which then grew into the Senior Policy Operating Group and the Cabinet-level President's Interagency Task Force on Trafficking. Agencies that have harmonized their authorities have closely examined the industries or sectors for which they are responsible (for instance, Transportation's examination of long-haul trucking and Education's examination of safe schools) and provide a model for the Treasury Department. In the years leading up to the enactment of the TVPA, investigators and prosecutors harnessed tools that were not trafficking-specific to be able to pursue cases, but it took a comprehensive Bill to fully engage the issue and direct the full power of the agencies.

The Treasury Department currently is in a similar situation as we were in 25 years ago at DOJ: dedicated career staff are thinking broadly about what tools could be used (and are moving the needle) but the authorities, corresponding offices, and leadership of the agency are aligned toward terrorism threats and anti-corruption goals. Imagine the results if the relatively informal engagement and energy within the component offices and bureaus of the Office of Terrorism and Financial Intelligence could be solidified with Secretarial prioritization and trafficking-specific authorities, work responsibilities, and budgets -- not to mention relationships with organized labor, human rights groups, service providers, and survivors themselves.

Human trafficking is a multi-faceted phenomenon, which sometimes results in it falling through the cracks of agency authorities that were created before the TVPA or for other purposes. That gap has been filled over time through the periodic reauthorization Acts, such as by adding the slavery/trafficking offenses as predicates for RICO and money laundering statutes. Strangely, one persistent gap is that while this is a critical human rights issue, it is sometimes dealt with outside of human rights responses. The Human Rights and democracy summit that President Biden promised during the campaign will be a good opportunity to ensure that this important rights issue is addressed within the human rights context, rather than only through carceral or security lenses; the planning for the Summit should include trafficking and forced labor issues and bring in stakeholders working in the field.

While trafficking-specific programs are always critical, important human rights tools should also incorporate human trafficking. To that end, it is my understanding that the Global Magnitsky Act by and large hasn't been used to address forced labor but that the Department has instead used sanctions authorities such as the DPRK, Transnational Organized Crime, and Drug Trafficking authorities. Reauthorization of that statute should make it clear that trafficking/slavery is included as one of the "serious human rights abuses" for the Global Magnitsky Act. The United Kingdom includes human trafficking in their human rights sanction program, and I understand that the European Union is in the process of standing up human rights sanctions authority that will include human trafficking; we risk being unaligned with our allies and partners if this remains unaddressed. This week's joint effort in response to the Chinese government's systematic abuse of the Uygher population shows how powerful coordinated action can be in this arena.

But sanctions and other tools should of not course be only applied to persons or entities involved in crises that are as high-profile as the situation in Xinjiang and that involve state action. Just as with organized crime and drug trafficking, aggressive sanctions against persons

and companies who participate or profit from sex trafficking or forced labor would be an important financial tool.

Sanctions, import restrictions, and Withhold Release Orders are becoming an important part of the countertrafficking toolkit – especially important in light of the dearth of prosecutions. Make no mistake, the paucity of prosecutions, especially for forced labor, not only leaves the rights of victims unvindicated, but removes an important incentive for self-regulation and compliance on the part of firms that profit from the practice, persist in willful blindness and reckless disregard, or risk discovering slavery-tainted supply chains or accounts only after it is too late. While intensifying criminal responses is critically important, carceral approaches are no longer the only regulatory option open to the government. But to use these tools requires good information. Financial intelligence collection and dissemination should be a higher priority for the federal government, especially as a way to supplement current investigation-by-investigation practice with trend analysis, risk notification, and target identification.

Such intelligence requires partnerships with the NGO community, especially those who combine knowledge of vulnerable populations with the ability to analyze financial and commercial flows. Those groups and individuals must be able to do their work without retaliation. We have seen that this week in China's response to the Uygher sanctions by sanctioning human rights researchers. We saw that over the last decade, as human rights expert Andy Hall had to go all the way to the Supreme Court of Thailand to clear his name after a large fruit exporter accused him of criminal defamation. Just in the last few weeks we saw an attempt by a Malaysian palm oil company to intimidate the leadership of Liberty Shared; while their lawsuit was withdrawn after an uproar by stakeholders, it was a troubling situation.

While there are many competing interests that would need to be balanced to protect NGOs and researchers in sharing information and data, there are existing protections that could be looked to. For instance, exemptions could be created akin to the information-sharing protections of Section 314(b) of the Patriot Act. Criminal obstruction investigations, financial sanctions, or import restrictions could be part of a suite of responses against those who might retaliate against community-based organizations, non-governmental organizations or others who are giving information to the intelligence community, regulators, or financial institutions.

Recommendations and Potential Legislation

I have set forth several recommendations for action in this testimony while setting out the situation broadly. There are many opportunities for engagement and we have seen an openness on the part of financial institutions and the U.S. Government to confront the vulnerabilities of the financial system to human trafficking, and the impact on victims of inequities in the financial system.

To that end, I am very enthusiastic about the recommendations for action set forth in the recent money-laundering Report to Congress, transmitted on October 7, 2020.

<https://www.state.gov/report-to-congress-on-an-analysis-of-anti-money-laundering-efforts-related-to-human-trafficking/>.

It is my understanding that the process of developing those recommendations not only reflects the kind of interagency consensus that is often difficult to obtain but was undertaken in consultation with community-based organizations and the survivors of sex and labor trafficking with whom they work. This effort is the exact type of policy development around a shared American value that can not only survive a Presidential transition across party lines, but can also serve as the basis for bipartisan action in the Legislative Branch.

Rather than restating them, I sincerely draw the Subcommittee's attention to the Report's recommendations, especially those that involve:

- Stepped-up financial intelligence gathering and dissemination;
- Expansion and intensification of efforts by the Department of Treasury;
- Harnessing the power of the IFIs and MDBs;
- Innovative partnerships in support of survivors as well as the integrity of the financial system;
- Credit repair and restoration; and
- The need for mechanisms to facilitate the ability of NGOs and service providers to share information with financial institutions, financial regulators, and law enforcement.

There are a number of Bills that have either been introduced or are in drafting and discussion stages that would have a real impact on human trafficking, many of which speak directly to the recommendations set forth in the October Report. They represent a starting point for engagement, and I hope that some of you will take on some of the Bills that are still under development as your own. The reach of the potential legislation is domestic and international, and their scope is impressive:

- They would intensify and formalize agency efforts by incorporating the Treasury Department into the President's interagency anti-trafficking task force (**H.R. 808, Fitzpatrick/Maloney**) and creating a Human Trafficking coordinator position in the Office of the Secretary (**H.R. ____**).
- They would be inclusive of out Tribal and Territorial jurisdictions by including them in the national money laundering and related financial crimes strategy (**H.R. ____**) – an issue I care very deeply about from my time in the DOJ Sex Offender office, where we were able to similarly extend FBI and other federal information-sharing mechanisms to tribal partners.
- They would confront Uyghur forced labor through import bans (**H.R. 1155, McGovern**) and disclosure requirements (**H.R. ____, Wexton/Sherman**), and provide guidance for those with SARs responsibilities around the related issue of organ trafficking (**H.R. ____**).

- And, they would help restore trafficking survivors through a mechanism to remove adverse information from their consumer reports – closing a critical gap in current restorative efforts which are focused on criminal records expungement alone. (H.R. ____, Taib).

There is one more potential statute under discussion that I would like to call to your attention. The bipartisan Foreign Corrupt Practices Act (FCPA) has changed global norms on bribery, but no such mechanisms exist for even the gravest of human rights abuses. In a globalized world, the profits from modern slavery and other forms of abuse flow through companies' balance sheets and supply chains; so too should accountability and responsibility. It is my understanding that draft legislation has been circulating in both the House and Senate, with support of human rights actors and business interests alike. Such a statute would be a strong counter-trafficking tool that would build on U.S. leadership and success with the FCPA throughout the years.

Conclusion

Any of these recommended activities and potential laws would add to our ability to investigate and prosecute traffickers, protect and restore their victims, and prevent this grave human rights crime from happening in the United States and around the world.

Such efforts would facilitate partnerships with the financial system, allied nations, and most importantly the communities and people most vulnerable and most affected.

And, they would harness the power of the financial system and regulatory bodies alike in service to that most American of ideals -- the promise of freedom.

Thank you for the opportunity to testify before you today; I welcome any questions.

Testimony of Rev. Dr. Marian Hatcher

U.S. House Committee on Financial Services
 Subcommittee on National Security, International Development, and Monetary Policy
*Ending Exploitation: How the Financial System
 Can Work to Dismantle the Business of Human Trafficking*

March 25, 2021

Greetings to the Honorable Rep. Maxine Waters and this esteemed body. It is an honor and a privilege to share my personal and professional experience and knowledge, in an area which adversely impacts citizens of this great country every day.

Human Trafficking relies on a business model which feeds on the vulnerable, benefitting only the predatory. It results in: violence, substandard living conditions, loss of hope, loss of life.

Growing up, I had a loving and caring family, however molestation by a relative at age 7 forever changed the trajectory of my life. While I went on to achieve formal education, corporate success, marriage(s), and motherhood, a seed of perversion planted during that molestation would awaken under negative circumstances.

Those circumstances included a volatile combination of domestic violence, drugs, and associated trauma. I was guilt ridden and ashamed about “allowing” my first abuser (but not the last), to hurt me, assault my mother, put a gun to the head of my oldest son, and terrorize my other children.

When I ran from danger at home, I embraced the numbness provided by crack cocaine and alcohol. To feed that habit, prostitution became a way of life. Eventually I was trafficked. Soon it became impossible to imagine returning to my loved ones who I abandoned.

My tribe, parents, ex-husband, aunts and other in-laws, took care of my children and each other until God brought me home. My exploitation eventually led to my arrest, not an uncommon outcome for so many trafficking survivors. However, I benefited from jail-based treatment, and even though arrest should never be a tool for connecting survivors with services, having access to those services paved the way to reuniting with my family after nearly two years, and I found a second chance.

My second chance resulted in a career and purpose-filled next chapter at the Cook County, IL Sheriff’s Office (CCSO) first as a Peer Coordinator, then Administrative Assistant, Executive Assistant, Special Projects Manager, Project Manager and Senior Project Manager. Most recently I served as policy analyst and victim advocate. (Currently, I am on medical leave due to multiple sclerosis.)

Therefore, from 2005-2019, my purpose and responsibility became addressing the unaddressed issues of victims who lived, suffered, and often died because of experiences like mine.

Seeing how many people, especially women of color, were ruined by systems of prostitution and systemic oppression planted in me a fiery passion and focus on gender-based violence. This dedication was surpassed only by my commitment to holding predators accountable.

I am here to present my lived experience both as a victim of human trafficking and as a professional champion of law enforcement tactics that center restorative justice and accountability. These are personal reflections as a well-informed citizen; I am not speaking in any official capacity.

As a sex trafficking survivor with 15 years of experience working for a law enforcement agency—despite the criminal record I still carry as a result of my trafficking victimization, which is a unique opportunity rarely available to other survivors—I have seen firsthand how law enforcement efforts that center the voices of survivors can lead to real change. I am proud to share today how I was able to be part of just that type of effort and what I have learned is necessary to continue improving the response to human trafficking in the United States.

Sheriff Tom Dart was elected Cook County's sheriff in 2006 after serving in the Illinois state legislature. Three years later, in 2009, he began implementing a new approach: Instead of arresting and charging exploited individuals, he put the focus on arresting and charging sex buyers, who drive the human trafficking market, while providing access to more comprehensive services for survivors like me.

His goal was, and is, to hold those who cause harm accountable, because the harm caused is immense and few public budgets can cover the cost of making victims whole, which requires; medical services, mental health and substance use disorder treatment, legal aid, and housing assistance just to start.

In the process of working in the sheriff's office I became coordinator of the "National Johns Suppression Initiative," a nationwide effort with over 100 arresting agencies and more than 200 partners targeting sex buyers as the driving force of sex trafficking and prostitution. Federal agencies were involved. Fundamentally, human trafficking functions as a market in which demand drives supply.

Based on my experience interviewing hundreds of victims, and watching scores of federal, state, and local trafficking cases unfold, I want to share three "high-level" observations regarding money and human trafficking, then move to a more detailed assessment.

- The commercial sex trade is a multi-billion-dollar industry that causes massive, long-term physical and psychological damage, disproportionately impacting women and youth of color. **Yet almost no money reaches victims even those identified as victims of human trafficking.** The need for expanded services for trafficking victims is great, and the lack of investment in services can be addressed in part by redirecting funds from convicted exploiters in order to help fund specialized programs that can address the persistent scarcity of appropriate services.
- To solve cases of systematic abuse and exploitation, technology can be a tool for investigation and prosecution. It is possible to use technology to build cases against human traffickers, and buyers who facilitate trafficking, without relying on victims who are often retraumatized in the criminal justice system when they participate as victim-witnesses. Since survivors often learn to disassociate in order to survive, they may also be unable to testify accurately about their experience during trial. Technology can provide a solution by following the money, as King County did in its investigation of the Review

Board.¹ **However, leadership at the federal level and political will to promote victim-centered approaches is needed to get wider deployment of these tactics.**

- Despite the current popularity of the mantra “sex work is work,” my 15 years of experience also tells me that **most** women and youth do **not** want to be selling access to their bodies. Even those who are not trafficked are selling sex out of duress, such as addiction, homelessness, mental distress, or a combination of these factors. Most want out of “the Life,” but instead of receiving services needed to successfully leave “the Life,” many survivors are instead criminalized, creating further barriers to long term healing and financial stability. Often this leads to re-exploitation because survivors are forced to return to the commercial sex industry due to a lack of options.

Ensuring resources are available, and removing barriers to long-term financial stability, so that survivors can heal and achieve financial stability, is essential to combatting this crime and preventing the cycle of vulnerability, exploitation, and criminalization that so many survivors experience.

Let me now share two primary areas where finance-related issues impact the response to trafficking survivors and some solutions for improving the response to trafficking:

#1: Vast sums of money circulate through the commercial sex industry in which countless trafficking survivors are bought, sold and exploited, yet these funds rarely reach survivors who face tremendous financial obstacles on their path to healing and financial wellness.

The current prosecution of Backpage executives provides an example of a potential unjust result for many survivors who were exploited on this now-defunct platform. While prosecution of Backpage executives was an appropriate response to years of this website profiting from the exploitation of trafficking survivors across the United States and even around the world, the vast sums of money that were accumulated by the Backpage executives at the expense of victims could now be forfeited and directed into the Department of Justice Assets Forfeiture Fund.

The potential injustice here lies in the fact that the alleged criminal conduct of the Backpage executives harmed countless trafficking survivors who only gained the ability to hold Backpage accountable in civil court as a result of legislation that was enacted just 6 days after the Backpage executives were charged and their assets seized in connection with the criminal prosecution. As a result, survivors who are now able to bring civil claims against Backpage for knowingly facilitating sex trafficking face the prospect of not actually being able to recover damages even if they are successful in their lawsuits.

This is especially important in the context of human trafficking because, unlike other forms of trafficking like drug trafficking that focus on illicit funds derived from contraband, human trafficking involves victims who have experienced severe abuse and egregious violations of their rights as a result of their trafficking victimization. At the same time, services for human trafficking victims are already extremely scarce; the pandemic and resulting economic crisis have further shrunk the pool of available services. Additionally, access to services can lead to survivors being better able and more willing to participate in the prosecution of their trafficking exploiters so shifting these funds to services could still promote successful trafficking

¹ State v. Peters, No. 79348-9-I, 2021 Wash. App. LEXIS 363 (Wash. Ct. App., Feb. 22, 2021).

prosecutions. Given the severe toll of human trafficking crimes and the urgent and critical needs of survivors, it is important to consider how funds from an industry that profits from exploitation can be used to dramatically impact the scarcity of services and long-term needs of survivors.

Employing technology to “follow the money” in the commercial sex industry and identify financial networks of trafficking enterprises can also lead to more victim-centered investigations and prosecutions that reduce reliance on victim-witness testimony. As I saw in my years of experience working with survivors of trafficking in Cook County, trafficking victims often face retraumatizing experiences in the criminal justice system when they participate as victim-witnesses, ranging from intimidation by their exploiter and sometimes the exploiter’s family to having to retell their story to a jury only to encounter aggressive cross-examination tactics intended to discredit them. It is not surprising that many survivors are unwilling to participate in this process and those who do often experience serious consequences for their mental health and setbacks in their healing process.

Additionally, since many survivors learn to disassociate in order to survive, they may also be unable to testify accurately about their experience during trial. Technology can provide a solution by following the money, as King County did in its investigation of the Review Board. In this case, King County law enforcement and prosecutors looked at the market for commercial sex and found that technology had not only provided a platform for sex buyers to purchase individuals for sex, but it also enabled them to facilitate commercial sexual exploitation by pulling more and more individuals into their network. By focusing enforcement efforts on those who created and operated this platform and the network they built up around it, rather than focusing enforcement efforts on the individuals being sold for sex on the platform, King County was able to “follow the money” and dramatically impact the market for exploited individuals in their jurisdiction.

#2: Address the long-term impacts of human trafficking with financial remedies for survivors

The impact of human trafficking does not end when victims leave their trafficking situations and their exploiters are held accountable. For survivors, these are just the first steps in a long process toward achieving the interwoven goals of healing, empowerment, and financial stability. Without financial stability and resources to support educational goals and to meet basic needs, survivors who have left their trafficking situation will often struggle to stay “out of the life” and may return to exploitative situations due to lack of resources.²

The fact that many trafficking survivors face arrest and criminal charges as a result of their trafficking means they face even greater hurdles to accessing needed housing assistance, seeking employment, and pursuing educational goals.

We must provide avenues for credit history relief³ and ensure availability of consumer banking products for trafficking victims. In addition to exploiting their victims through commercial sex or forced labor, traffickers – particularly in the context of domestic trafficking – may also exploit

² Jennifer Cox, et al., *The Hard Part Was Keeping Me Out: Healthcare, Law Enforcement, Survivor Advocates and Harm Reduction Services Unite*, SHARED HOPE INTERNATIONAL, (2020), <https://webinars.sharedhope.org/product/issuearea3-b/>.

³ PUBLIC PRIVATE PARTNERSHIP ADVISORY COUNCIL ON HUMAN TRAFFICKING REPORT (2020) at 44–45.

their victims' credit histories by using their social security numbers to take out loans and make large purchases, such as vehicles, intending not to pay, thereby destroying their victims' credit histories in the process.

When survivors without credit histories and those having damaged credit histories leave their trafficking situations and begin working toward financial stability, they often find that they are unable to access basic consumer banking services – in particular, obtaining a credit card – which creates further barriers to establishing credit histories and achieving financial independence.

Lack of a bank account or credit card may even impact a survivor's ability to seek employment or to rent an apartment. Therefore, disrupting the long-term impacts of human trafficking should include assistance for survivors with amending damaging reports and other methods for improving their credit histories to prevent ongoing injury from trafficking victimization. Utilizing alternative means of evaluating credit for human trafficking survivors could have a dramatic impact on a survivor's ability to attain financial stability and to heal from the wounds of trafficking victimization.

We should also provide access to financial literacy education for human trafficking survivors. Survivors who have experienced sex trafficking as a child or young adult have shared that an important support that was sometimes lacking in the services they received was education on financial literacy and the skills they needed to become financially self-sufficient.

Given the many adverse consequences and barriers to financial stability that arise from having a criminal record, especially felony convictions, and the prevalence of trafficking victims being criminalized as a result of their trafficking victimization,⁴ strategies are needed to both reduce the criminalization of survivors at the outset to prevent criminal records from creating barriers to long-term healing and financial wellness, as well the ability to vacate criminal records that resulted from trafficking victimization since so many survivors continue to carry these records and face many hurdles as a result. I personally have experienced this firsthand.

My Christmas present in 2017 was receiving notice, from the Governor of Illinois, that he granted me Executive Clemency. It was one of my happiest days. Yet more human trafficking victims should gain that freedom, as the record is a shackle to the past.

TESTIMONY OF
BARRY M. KOCH, ESQ., CAMS, CFCS
BEFORE THE HOUSE FINANCIAL SERVICES COMMITTEE
SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL DEVELOPMENT
AND MONETARY POLICY
MARCH 25, 2021

* * * * *

Chairwoman Waters, Ranking Member McHenry, members of the Committee, thank you for today's invitation.

My name is Barry Koch. I'm a law professor and a private attorney with a consulting practice in which I provide expert witness and regulatory advisory services in money laundering cases and financial crimes risk management. I'm also a co-founder of the United States and European Bankers Alliances Against Human Trafficking, a former Commissioner on the Financial Sector Commission on Modern Slavery and Human Trafficking (the Liechtenstein Initiative), and I was one of a team of Compliance professionals that developed the first quantitative model in the banking industry to monitor transactional activity for "red flags" indicative of labor trafficking and sex trafficking.

There are many stakeholders in the universe of people and organizations committed to combatting modern slavery and human trafficking. There's law enforcement, which is focused on investigations and arrests as well as prosecutions and forfeitures of the traffickers' criminal proceeds; there are the victims' service providers and mental health professionals who provide services to survivors—safe houses, counseling, medical care, all of which provide remedy and reduce the risk of re-victimization; there are legislators who work on enacting legal and statutory relief for victims; and there are NGOs who deal with important policy issues affecting victims and anti-trafficking efforts—

But among these many stakeholders, it is the financial sector that finds itself in the unique position of being able to move global economies; the financial sector can and does impact global markets and can and does affect decision making by sovereign governments. So, the financial sector is in a special place when it comes to joining the fight to eradicate trafficking in human beings, and most of my remarks today will be from that perspective, having spent much of my career working in large, complex global financial institutions.

One last comment before I offer five concrete recommendations for the Committee to consider—

We are all in emphatic agreement about the moral imperative to end human trafficking—slavery destroys lives and human potential, and trafficking is a phenomenon where the world's worst people are exploiting the world's most vulnerable—but I'd like to offer an additional, practical reason for increasing our anti-trafficking efforts, which is that trafficking on a macro level is economically inefficient. **Trafficking depresses innovation, it fuels corruption and the flow of illicit funds in the financial system, it deprives governments of tax revenues, and it disrupts the efficient deployment of human capital.** It privatizes criminal profits while socializing the

costs. One compelling statistic that I recently read reported that in the UK, for example, the annual cost to the government of each trafficking case (law enforcement, medical and social services, lost tax revenues, etc.) was approximately GBP 330,000, with an annual cost to the government of between GBP 3.3-4.3 billion. Simply stated, trafficking in the long run creates a significant drag on the global economy and capital markets.

Trafficking in persons is a crime that is unlike most others, in that it is not committed for revenge, and it is not committed to make a political statement, and it is not committed because of blackmail or coercion. Rather, human trafficking is exclusively about greed and all about the money. And there are concrete steps that can be taken to make it more difficult for the traffickers to access the financial system; concrete steps to strengthen the industry's controls to prevent their products and services from being used to facilitate labor and sex trafficking, and to assist law enforcement in its efforts to disrupt and dismantle the traffickers' business.

So, here are my five recommendation—

1. **Increase the use of financial records and financial data to initiate and strengthen prosecutions.** Using financial records and financial data has been effective in identifying victims and perpetrators, in proving coercion—a required element in a criminal charge—in corroborating witness testimony (or supporting allegations when a witness does not recall specific dates or transactions), and in serving as the basis for asset forfeitures (that is, seizing the properties—the expensive homes and cars and other assets—of the traffickers).

Further, if witnesses are reluctant to testify—because of a threat of violence against them or family members, or the risk of being deported, or even because of the fear of being prosecuted themselves—financial records can be used to pursue other criminal charges that may not require testimony.

For example, prosecutors may bring a case against a trafficker for tax evasion, structuring and money laundering, where the trafficker's tax returns report minimal income and assets, yet the financial records refute those tax returns by illustrating a lavish lifestyle.

Serious crimes that may be related to trafficking, such as bank fraud, kidnapping, extortion, identity theft and immigration fraud can also form the basis for asset forfeiture, which is a powerful tool to disrupt a trafficking business.

Assets subject to forfeiture can include real property (houses, restaurants, stores, hotels, farms, and office parks); tangible personal property (cash, jewelry, art, boats, airplanes, and cars); and intangible personal property (professional licenses like medical, pharmacy and liquor licenses); as well as bank and investment accounts, business entities and business permits, website domain names, stocks, lien interests, and virtual currency.

2. **Strengthen the use of sanctions regimes.** There is already a precedent for the United States to use economic sanctions to designate and punish human rights violators and to deny them access to the US financial system. Executive Orders have, in the past, identified

serious and flagrant human rights abuses as threats to the national security, foreign policy and the economy of the US, and in this context the government has previously sanctioned transnational criminal organizations, companies and individuals for migrant smuggling, human trafficking and child prostitution.

The United Nations Security Council, of which the US is a permanent member, has also imposed sanctions on individuals accused of human trafficking.

Sanctions can be designed to be limited and “surgical” (as opposed to the much broader country designations) and can also be used to target industries that are notorious for using child labor and trafficked labor in their supply chains, or whose exported products are used to fund armed conflict.

In evaluating this recommendation, it is important to note that the US financial sector already has a well-developed operational infrastructure to ensure immediate and sustainable compliance.

3. **Strengthen the risk assessment process** employed by financial institutions **as a critical element of their anti-money laundering compliance programs**. There are material weaknesses in the current regulatory and operational framework, and practical ways to address them:

First, **require that the risk of human trafficking be specifically included in annual anti-money laundering risk assessments**. Very few large banks—and virtually none of the mid-size and small banks, or credit unions, money transmitters and check cashers—include the risk of human trafficking as part of their annual AML risk assessment. And the few institutions that do, limit their evaluations to their retail lines of business. So, while they have controls in place to identify trafficking-related crimes like identity theft, credit card fraud and cash structuring, they are missing the much bigger risk that their corporate and investment banking lines of business may be indirectly providing financial services to large corporate borrowers who have trafficked labor in their supply chains.

Second, **require financial institutions to evaluate human trafficking as a funding source for terrorist organizations**. Although the current regulatory scheme treats human trafficking as a reportable predicate crime for money laundering, few if any financial institutions evaluate the risk of human trafficking as a funding source for terrorist organizations. Many national governments, including our own, have also overlooked the issue, focusing only on the money laundering risks. Published case studies report instances where the Islamic State conducted on-line slave auctions in territories that it controlled, and there are more recent cases involving Boko Haram’s multiple kidnappings of school children, some of whom are ransomed, while others are forced into marrying their captors, while still others are conscripted into serving as child soldiers. The next US National Money Laundering and Counter-Terrorism Strategy should include an

evaluation of the risks associated with human trafficking as a funding source for terrorism.

Third, **encourage financial institutions to assess their exposure to involuntarily enabling or facilitating modern slavery or human trafficking in their own operations**. This type of risk assessment can look at factors such as whether the institution relies heavily on high-risk labor or recruitment operations or operates in a market or value chain with high-risk factors.¹

Reference to the United Nations-backed *Principles for Responsible Investment*, with more than three-thousand global investor signatories with assets under management in excess of \$100 trillion, and to the FAST Blueprint provides a strong and logical basis for endorsing this approach.

Finally, I would encourage this Committee to discuss with the Treasury Department whether this type of approach can be incorporated into the Financial Action Task Force's country risk assessments and mutual evaluation process.

4. **Public-private-partnerships**, sharing trafficking-related intelligence and investigative best practices is an important and effective component of an overall anti-trafficking strategy. FinCEN deserves credit for taking a lead role in bringing law enforcement and AML compliance teams together for this purpose, and I am personally involved with several not-for-profit organizations that are conducting cutting-edge work in cryptocurrency pattern analysis and data scraping of the Dark Web. These organizations are also establishing data-sharing protocols and investigative tools which are valuable assets for training financial crimes investigators and customer-facing personnel. These partnerships can also be extremely valuable in providing investigative and technology resources to mid-size and smaller financial institutions that do not currently have adequate resources to prevent, detect and report trafficking.
5. My fifth and final recommendation is not finance-industry specific. Rather, it is a recommendation to **deploy a more victim-centric approach** to our collective efforts to combat trafficking. Here are several ways to do that:

Expand existing consumer protection laws to make it easier for survivors to repair their personal credit histories which have often been hijacked by their traffickers, thus making it more difficult for survivors to open a bank account, rent an apartment, secure employment, all of which makes them more vulnerable to re-victimization.

¹ An excellent resource for developing such an assessment can be found in the FAST (Finance Against Slavery and Trafficking) Blueprint <https://www.fastinitiative.org/risk-mapping/>, which provides an interactive and user-friendly Connection Diagnostic and Risk Mapping tool. The Blueprint also provides a practical framework for institutions to develop and implement an enterprise-wide anti-trafficking program, including a global compendium of transactional and behavioral "red flags" that can be used to enhance investigations and employee training.

Expand the use of Human Trafficking Intervention Courts. Evaluate how best to build on lessons learned in Drug Treatment Courts, Domestic Violence Courts, and Mental Health Courts to bring “trauma-informed responses” to the unique needs of this vulnerable population (e.g., explore and develop more effective ways to disposition arrests for prostitution, especially when involving a minor). Many states, as well as the federal government, have pre-trial diversion programs, which can offer a more humane and effective way to help survivors. Expanding the use of these courts in appropriate cases can also lead to significant long-term benefits for the criminal justice system.

Provide immigration relief to confirmed victims whose immigration status creates a fear of deportation. This will have the added benefit of encouraging more victims to testify at trials, will enhance the relationships between victims and law enforcement, and is a more humane way to treat survivors.

Thank you again for inviting me to speak today and for your attention to this important issue. I’d be happy to respond to questions and to continuing my discussions with the Committee members and staff.

END

* * * * *

House Financial Services Committee
Subcommittee on National Security, International Development,
and Monetary Policy

Hearing on
Ending Exploitation: How the Financial System can Work
to Dismantle the Business of Human Trafficking

March 25, 2021
12:00 pm

Testimony of Laila Mickelwait MPD
Founder, Traffickinghub Movement
President, Justice Defense Fund

Pornhub is the 10th most trafficked site in the world with 42 billion visits per year, 115 million visits per day, and 4.5 million visits per hour. The site boasts 6.8 million videos uploaded per year that would take a total of 169 years to watch. One [study](#) in 2020 concluded that Pornhub was the website with the third greatest impact on society in the 21st century, after Facebook and Google.

Pornhub is owned by [MindGeek](#), an international pornography conglomerate that has obtained a monopoly on the porn industry. It owns more than 100 websites, production companies and brands. Its properties include Redtube, Youporn, XTube, Tube8, Playboy Digital, SpankWire, ExtremeTube, Men.com, My Dirty Hobby, Thumbzilla, PornMD, Brazzers and GayTube to name a few. As the [New York Times](#) put it, “Mindgeek is a porn titan. If it operated in any other industry the Justice Department could be discussing an antitrust case against it.”

MindGeek is also what I call a “mega-sex trafficker” in that its sites are infested with highly monetized commercial crime scene footage of child sexual abuse, rape, assault, and other forms of non-consensual pornographic content. Every video on Pornhub is commercial, in fact the totality of the videos on the MindGeek sites generate hundreds of millions of dollars in revenue per year. The company knowingly has enabled and profited from mass amounts of sex acts induced by force, fraud, or coercion, and the commercial sexual abuse of children. According to both domestic and international law this is by definition human trafficking.

Unfortunately, Pornhub is not alone. There is an entire Big Porn industry operating similar “porn tube” sites. For example MindGeek’s biggest rival WGCZ, the parent company of Xvideos.com who has had a recent class action [lawsuit](#) filed against it on behalf of trafficked minors boasts 200 million daily visitors and 6 billion daily ad impressions on its various websites.

Like Pornhub these porn tube sites are set up for mass sexual exploitation and trafficking, allowing any user with a cell phone camera to anonymously, in under 10 minutes, upload sex acts with only an email address. No government issued ID is required to prove these are not trafficked children and no consent form is required to attempt to demonstrate that these are not men or women being raped for profit. In fact, Pornhub even has designed its own VPN so that users can access and upload to the site without their IP addresses being revealed. They also launched a dark web mirror site that enables pedo-criminals to view child rape with added anonymity.

Porn tube sites are the primary way that filmed sex acts are distributed to the world in the digital age, yet there is very little accountability or oversight with regard to the nature of those sex acts. That is intentional on the part of these websites, because the unlimited ability to upload content by any user in the world is the business model that generates the most profit. For Pornhub and its largest competitors, content is king. The more content that is uploaded to these porn tube sites, the more traffic is driven to the site, and the more profit is generated from advertising, premium memberships and the sale of user data. In fact, fifty percent of Pornhub's profit is generated via advertising.

As an example, among many other crime scenes, I have witnessed the monetized anal rape of an obviously pre-pubescent child on Pornhub. She is screaming and recoiling but there are advertisements all around the video of her trafficking including in the middle of the video if pause is pressed, before the video and after the video. The URL to that crime scene was delivered to the FBI and to the National Center for Missing and Exploited Children who demanded it be removed from the site. Pornhub finally took the video down after two weeks and tens of thousands of views but they left the data live on the site including the title, the tags and the views in order for Google to continue to index the child's rape and continue to drive traffic to the site using that child's trauma, because again, content is king for these sites.

In early 2020 employee whistleblowers revealed that Pornhub only employed under ten moderators per shift to review content on the site. Remember there are seven million videos and eleven million comments uploaded per year to Pornhub alone. Many of those comments emphatically indicate that the videos contain child rape, trafficking and assault but are ignored for months and years. This lack of moderation is part of the porn tube business model because limiting content, even if illegal, limits traffic, and thus limits profits.

In a digital age, transacting in coerced and forced sex acts and sex acts involving minors has become easier for traffickers to perpetrate and harder for law enforcement to prosecute. Likewise, sex trafficking in a world that operates online has become more profitable and less risky for predators and yet more damaging for victims.

In today's online landscape not only does the trafficking victim undergo the trauma of the incident of monetized rape, but then is forced to live with the terrorizing knowledge that the worst moments of their lives will live on in the digital space, being consumed for both profit and pleasure even long after they are dead. Sex trafficking victims have called this the "immortalization" of their trauma and it is an exponential injustice that leaves victims in a position of never being able to escape their torment.

Because profits are the crux of the issue, financial services actors that facilitate and benefit from the exchange of money play a central role when it comes to enabling or disabling the crime of sex trafficking on such sites.

My journey over the last year to hold Pornhub accountable for complicity in mass rape and trafficking has given me a unique perspective on the role that financial institutions play in compelling the behavior of companies like MindGeek.

After two million people from 192 countries had signed the petition to hold Pornhub accountable; 300 organizations had joined together with a unified voice to call for the site to be shut down; victims were publicly coming forward; over 33 million people had viewed and shared the Traffickinghub movement awareness video; lawmakers in the U.S. had called for a DOJ investigation; cross party parliamentarians had called for criminal investigations in Canada; grassroots protests against the company were happening in countries around the world; and hundreds of media articles were published bringing attention to the issue of mass child trafficking on the site, Pornhub still refused to acknowledge the problem.

Even until October 2020, company executives told the media suggestions that children were being exploited on the site were “conspiracy theories.” However, in December a groundbreaking *New York Times* [expose](#) put pressure on the major card companies to stop enabling the abuse. Mastercard responded by confirming the illegal activity and disabling the use of their card on the site. Visa and Discover immediately followed suit and instantly, in under 24 hours, the 10th most trafficked website in the world deleted 80 percent of its content, totaling 10 million videos.

Not only was this a dramatic admission of guilt on the part of Pornhub, but it was also a demonstration of the power and influence that financial institutions have in regulating even the largest websites in the world. This leverage could and should have been utilized long before it was, not only because it is was the “right thing” to do, but because being aware that acts of trafficking are being facilitated by their card transactions and not taking action is illegal. According to the Trafficking Victims Protection Act knowingly benefiting from a sex trafficking venture is prohibited. Financial services actors should be aware that their due diligence and compliance duties with regard to sex trafficking reach far beyond benevolence into the realm of legal liability.

What can be done immediately to help remedy the emergency of mass trafficking on the world’s most visited pornography websites?

First we urgently need 18 U.S. Code § 2257 to be amended to explicitly hold websites that distribute user generated filmed sex acts responsible for age verification and record keeping. This law has long been used to help prevent child sexual abuse from proliferating in the pornography industry but the law is antiquated. This important law was created when magazines, and later VHS tapes and DVDs featuring studio produced pornographic content were dominant and the law must be updated to keep up with the fact that porn tube sites are the primary means by which pornography is globally distributed and transferred today.

Second, we need mandatory reliable age and consent verification procedures mandated for any image of a sex act uploaded online. All websites allowing user generated pornographic content should implement technology to detect images and videos of sex acts upon upload. That content should be reviewed for age and consent verification *before* the images make it onto the websites.

Websites that refuse to comply with age and consent verification should have repercussions not only in the form of civil liability and criminal liability, but also financial services actors should have regulations in place that prohibit the use of their services without such checks in place.

Laws regarding the disclosure of the beneficial owners of the companies who own these sites is also an important accountability measure. In the case of MindGeek, its executives and owners have spent the last decade intentionally hiding their identities in order to escape scrutiny. The owner of MindGeek, Bernard Bergemar was only revealed in late December of 2020 after a *Financial Times* [investigation](#). Its CEO and COO were never publicly seen or heard from until they were subpoenaed to appear by the Canadian Parliament Ethics Committee investigating the company in March of this year. Its VPs have also used fake names and identities when speaking with the media, and even now we don't know who is ultimately behind the company. Transparency is essential in these cases.

Lastly, enforcement of laws concerning the mandatory reporting of child sexual abuse material must be improved to ensure that companies like MindGeek, which has offices, servers, and substantial consumers in the United States are held accountable for failing to report known CSAM on their systems as legally required. Recent [testimony](#) in the Canadian House of Commons and publicly available data show that despite the widespread presence of such materials on Mindgeek's servers and systems, from 2008 to late 2020 they made no reports of such content to either American or Canadian authorities as required by law. This is unacceptable, we need more accountability for these websites.

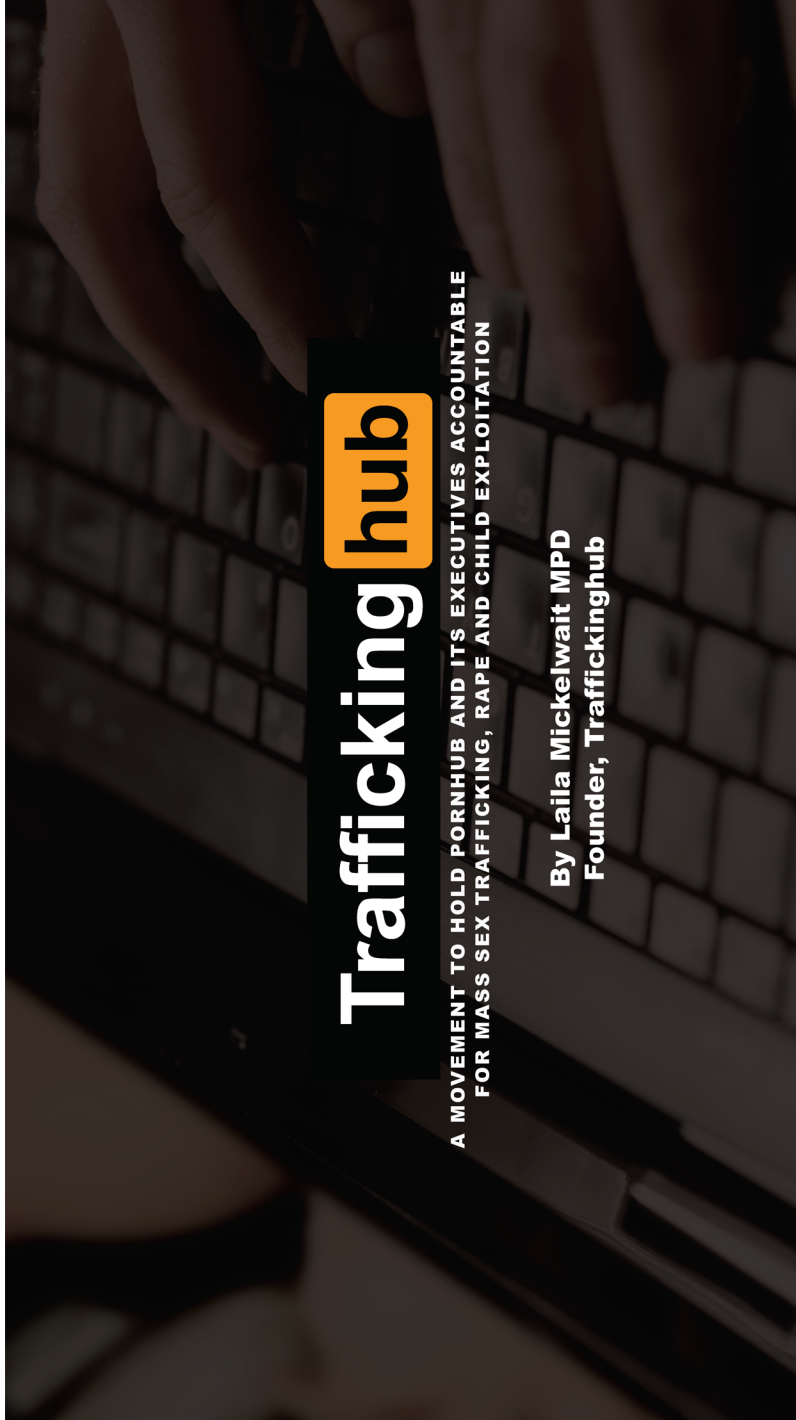
These actions would go a long way in the realm of sex trafficking prevention in the digital age.

As additional information I have also submitted an evidence dense visual presentation for your reference with regard to the specific case against Pornhub and its parent company MindGeek. Thank you for the opportunity to testify before you today and I welcome any questions you may have.

Trafficking hub

A MOVEMENT TO HOLD PORNHUB AND ITS EXECUTIVES ACCOUNTABLE
FOR MASS SEX TRAFFICKING, RAPE AND CHILD EXPLOITATION

By Laila Mickelwait MPD
Founder, Traffickinghub

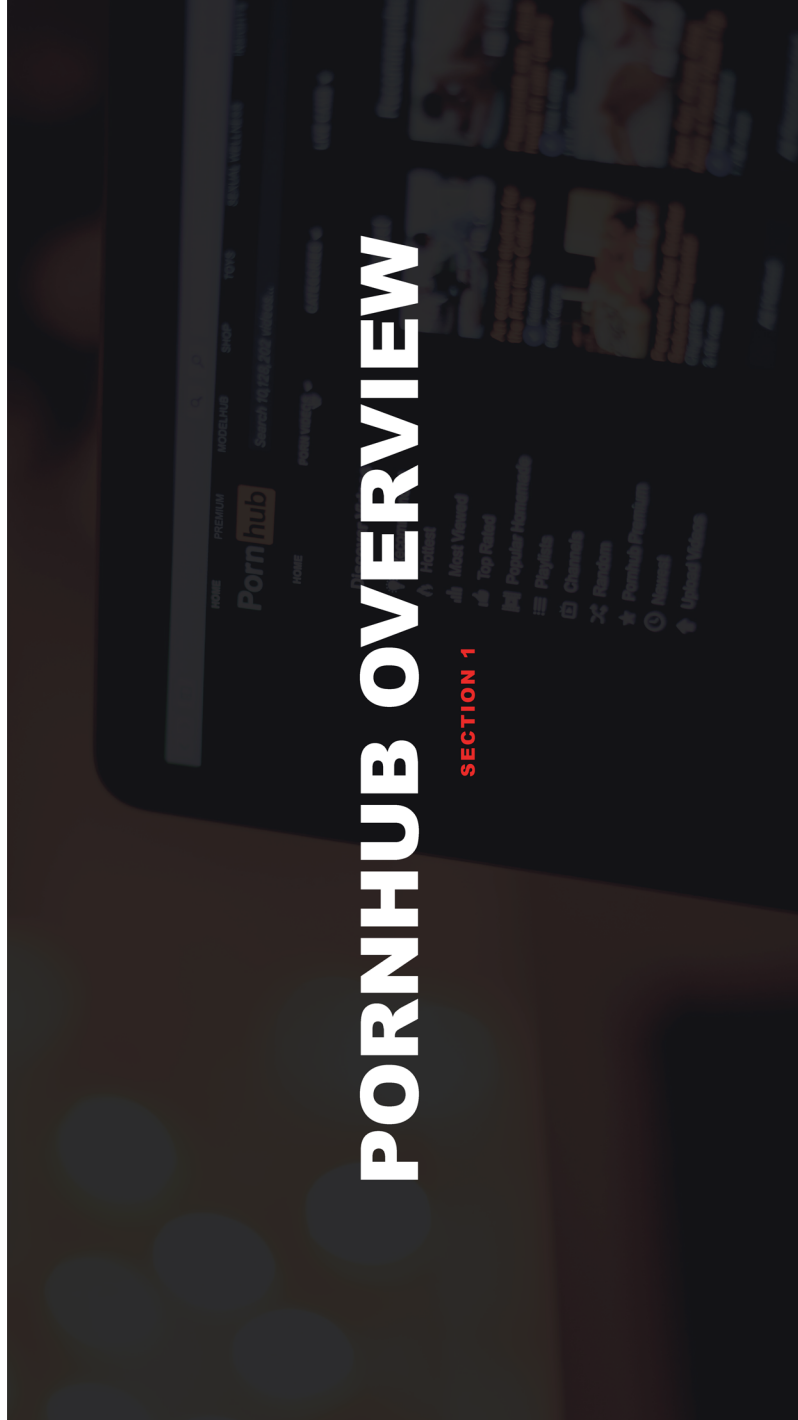




TRIGGER WARNING: This document contains depictions of sexual violence and descriptions of child exploitation.

Please do not use or reproduce without permission. Email: lailamickelwait@traffickinghub.com

All documented evidence presented here was available on Pornhub in 2020 before Pornhub's mass deletion of 10 million videos (nearly 80% of the website) due to the major credit card companies cutting off payment processing.



PORNHUB OVERVIEW

SECTION 1

THE "WORLD'S BIGGEST XXX PORNO TUBE"

Pornhub IN 2019...

42
BILLION

VISITS IN 2019

Pornhub is the largest, most recognizable and highly used porn site in the world. Similar to Youtube, videos on the site are primarily user-generated. The site offers video streaming, downloadable videos, photo albums, and user community forums.

Source: www.pornhub.com/traffic/2019-year-in-review

115
MILLION

VISITS A DAY

This is the equivalent of the populations of Canada, Australia, Poland and the Netherlands all visiting in one single day. Many users form communities on the site. 70 million messages were sent between users in 2019.

6.8
MILLION

NEW VIDEOS UPLOADED

The total number of videos that MindGeek (Pornhub's parent company) has uploaded to the site likely nears the 25 million range. However, they don't appear to keep all the videos on the site at once, perhaps due to bandwidth.

THE "WORLD'S BIGGEST XXX PORNO TUBE"

Porn **hub** IN 2019...

#1
USA

**COUNTRY WITH THE
MOST VISITS**

The top 20 countries by web traffic account for 79% of Pornhub's daily traffic in 2019. The top 5 countries by web traffic are the United States, Japan, the United Kingdom, Canada, and France.

Source: www.pornhub.com/traffic/2019-year-in-review

39
BILLION

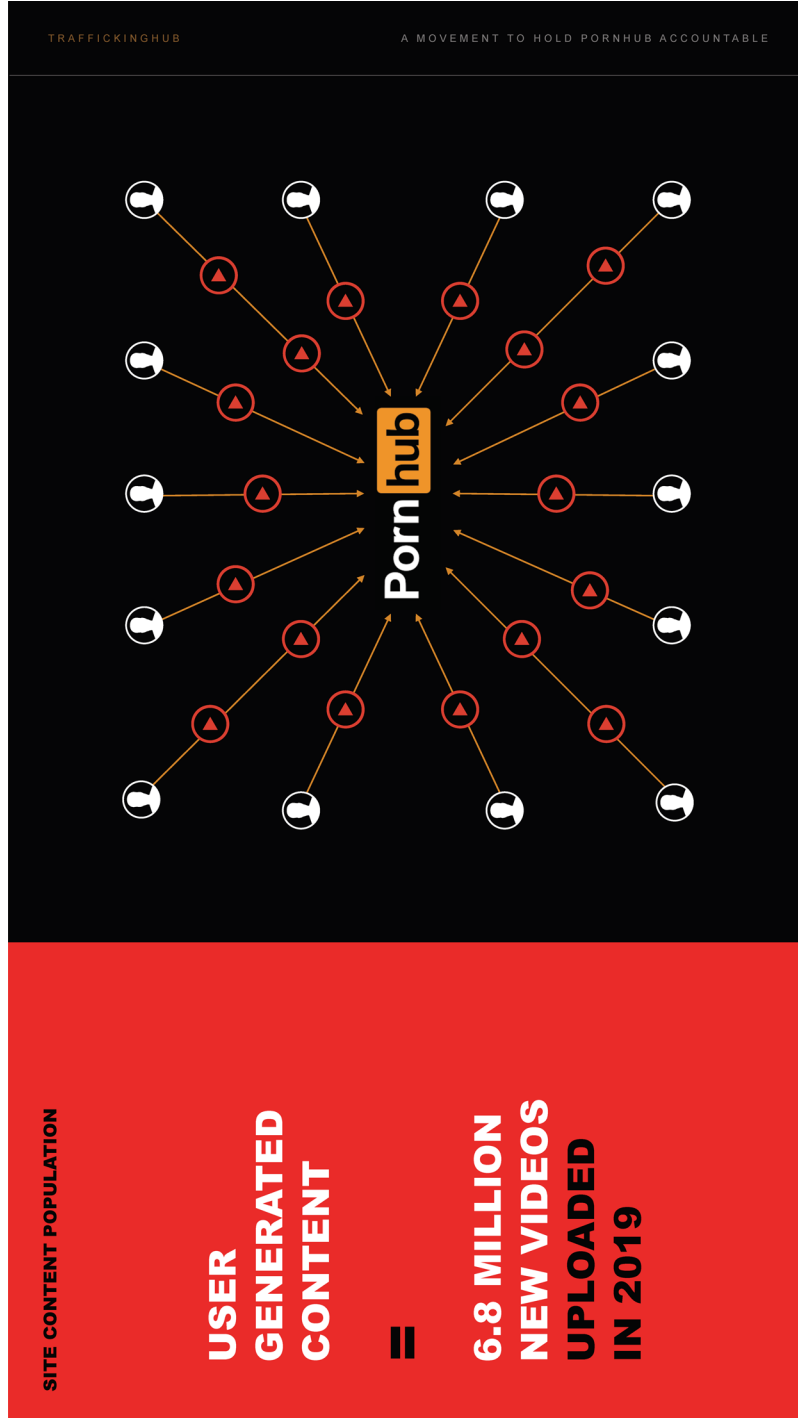
SEARCHES PERFORMED

Users are extremely active and frequently seek specific content during their visits. In 2019, the top 5 search terms were: Japanese, Hentai, Lesbian, Milf, and Korean. Other terms in the top 25 include Teen and Gangbang.

11.5
MILLION

COMMENTS MADE

Pornhub users are able to leave user-generated comments to reflect their reactions to different videos. Sometimes, these comments contain serious red flags for trafficking, CSAM, and other non-consensual content.



MINDGEEK: THE BIG PORN EMPIRE



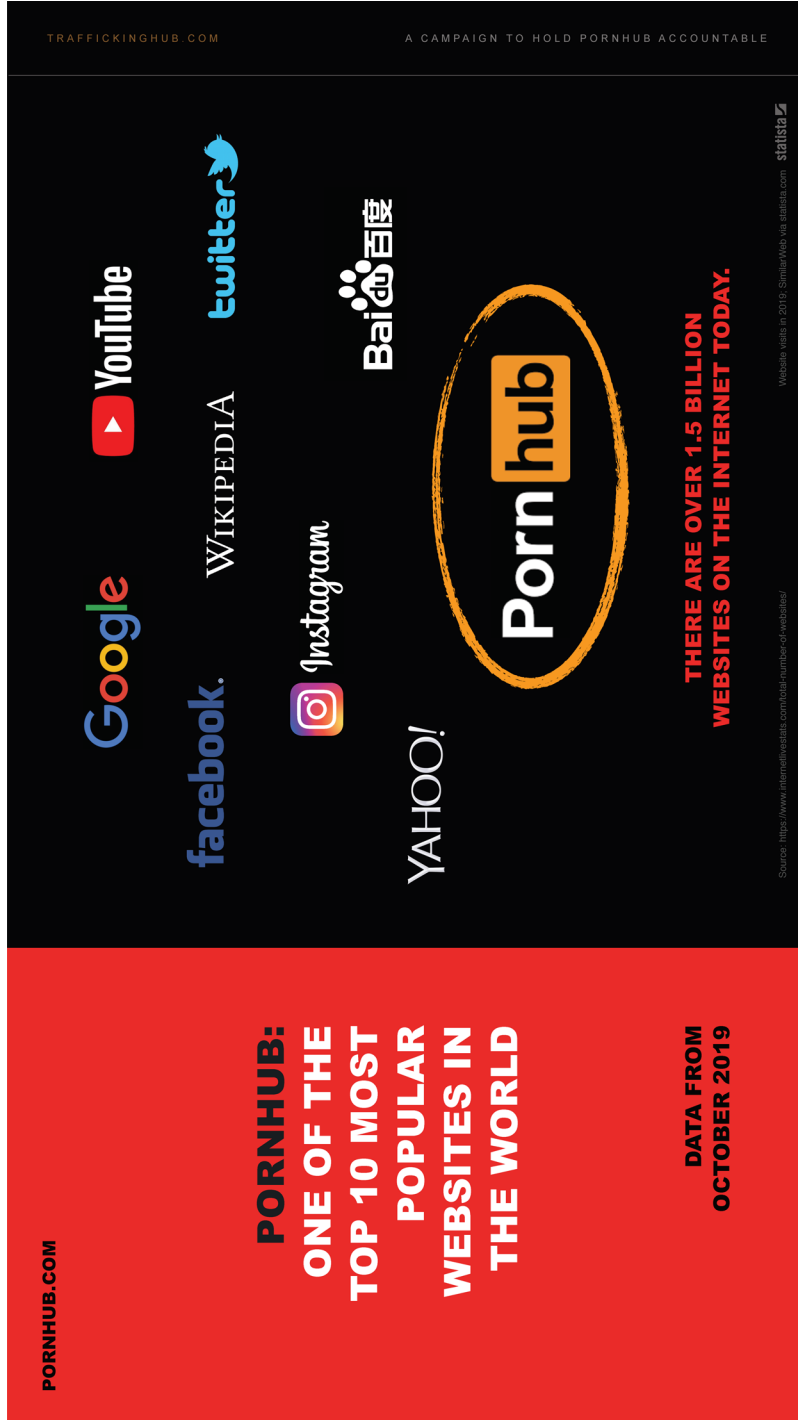
PORNHUB NETWORK	MOVIE STUDIOS	REALITY SITES	MANAGED SITES

ONE SINGLE COMPANY OWNS A MAJORITY OF THE GLOBAL PORN INDUSTRY

Porn hub

CONTENT PARTNERS SAMPLE





HOW PORNHUB MAKES MONEY



PREMIUM SUBSCRIPTIONS

For \$9.99, users can access "premium" content that is beyond a paywall and distinguished from content that free users can see.



ADVERTISING

Pornhub sells banner and sidebar ads real estate, as well as ads placed directly in front of or behind videos on the site.



SELLING USER DATA

Pornhub harvests and monetizes vast amounts of user data as an asset to share with advertisers and other companies.

MODELHUB: RECRUITMENT PROGRAM



TRAFFICKING EXAMPLE:

A case involved a 15 y/o trafficked minor from Florida, who was listed as part of the Modelhub program.

“MODEL” RECRUITMENT

Modelhub is the world's fastest-growing adult marketplace, letting “models” sell their videos at any price. Models can choose to make their video viewable for free, earning ad revenue, and restrict downloads to paying customers (or just make them undownloadable altogether).

98,000 “AMATEUR” MODELS IN 2019

HOW PORNHUB MAKES MONEY FROM MODELHUB:

1. **Free-to-view Pornhub Videos** – Modelhub participants earn a share of ad revenue from their free videos on Pornhub.
2. **For-sale Videos** – Modelhub participants can sell their videos at any price, and Pornhub takes a 35% cut of all sales.
3. **Pornhub Premium** – “Models” can select to include their videos on Pornhub Premium, and earn a share of revenue from video views
4. **Fan Club** – Models can create a subscription service of fans, and Pornhub takes a 20% cut of Fan Club revenue.
5. **Custom Clips** – Models can offer to make “custom clips” in response to requests by “fans,” and Pornhub takes a 35% cut of all sales.
6. **Tips** – Models can receive direct “tips” on their Pornhub or Modelhub profile, and Pornhub takes a 20% cut of all Tip revenue.

BILLIONS OF REASONS TO JOIN

With over 3 billion visits a month, make ad revenue, sell your videos, and build your fan base on the largest adult platform in the world.

Learn More

Join The Pornhub Program

Marketing Tools To Grow Your Brand

Content And Model Support

Multiple Revenue Streams

PORNHUB TAKES A 35% CUT OF EARNINGS ON MODELHUB VIDEO SALES

MARKETING: OUT-OF-HOME CAMPAIGNS

TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE



TRADE SHOW, BERLIN 2019



TIMES SQUARE, NYC 2014



SNOW PLOWS, BOSTON 2017

TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

MARKETING: POP-UP STORES



TRAFFICKINGHUB
A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

MARKETING: PRODUCTS & APPAREL

Pornhub
APPAREL

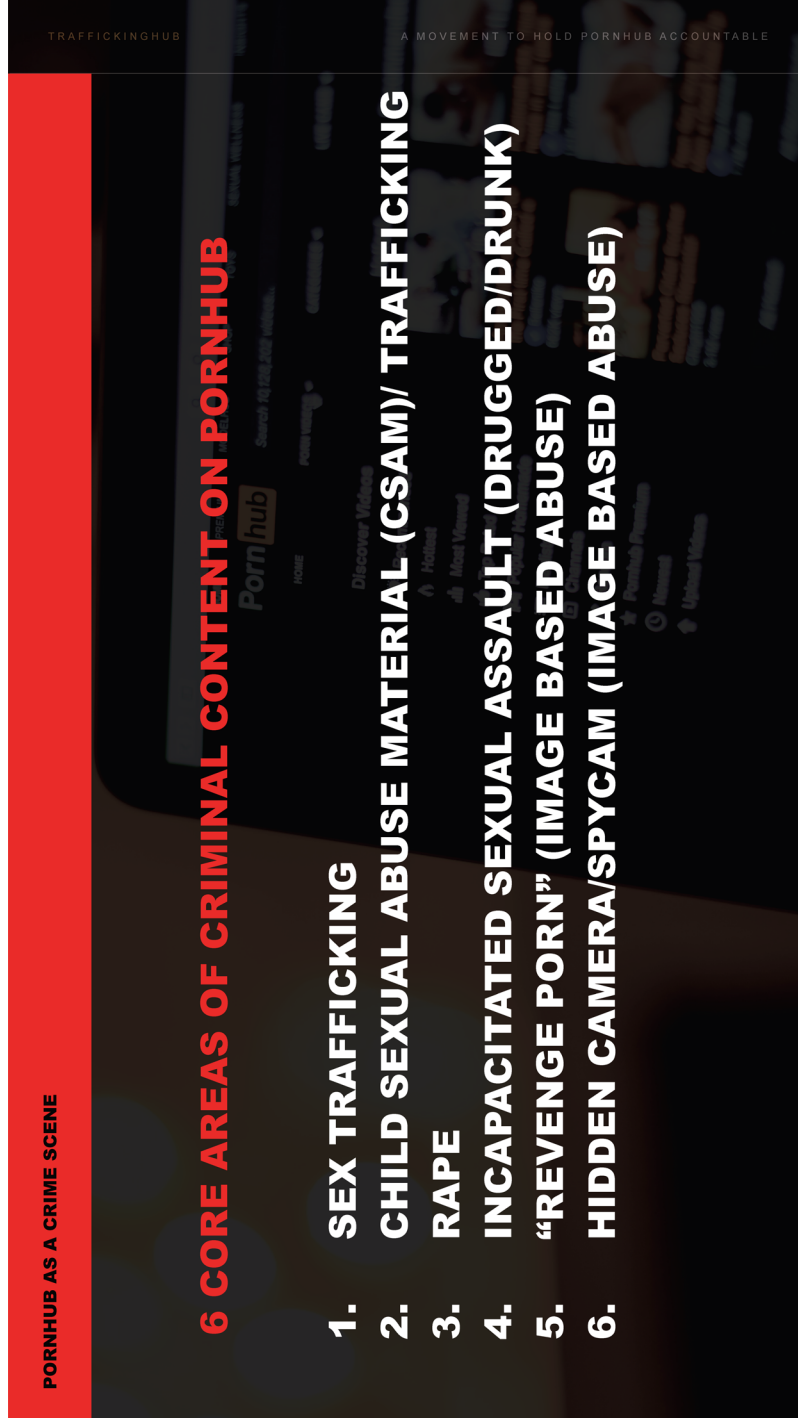
Stayhomehub
Stay home. Look great. Help those in need.
100% of collection sales go to the WHO Solidarity Response Fund.

BRAND SWAG & GIFTS

9.6 MILLION FOLLOWERS

HOW PORNHUB INTERSECTS WITH ABUSE AND CRIME

SECTION 2



PORNHUB AS A CRIME SCENE

6 CORE AREAS OF CRIMINAL CONTENT ON PORNHUB

- 1. SEX TRAFFICKING**
- 2. CHILD SEXUAL ABUSE MATERIAL (CSAM)/ TRAFFICKING**
- 3. RAPE**
- 4. INCAPACITATED SEXUAL ASSAULT (DRUGGED/DRUNK)**
- 5. “REVENGE PORN” (IMAGE BASED ABUSE)**
- 6. HIDDEN CAMERA/SPYCAM (IMAGE BASED ABUSE)**

TRAFFICKINGHUB A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

ABUSE & CRIME

ADULT SEX TRAFFICKING

Case Example:

GirlsDoPorn sex trafficking operation was a popular Content Partner of Pornhub, where videos of trafficked victims were monetized and distributed widely. As of October 2020 well after MindGeek knew these were victims, one could still search “GDP” and get over 300 video results featuring GDP victims.

TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

Click the Washington Post

Democracy Now in Darkness

Business

The men behind GirlsDoPorn lured young women with modeling jobs, then tricked them into porn, FBI says

Women working on a laptop computer behind the scenes on a film production. (iStock)

By Brittany Shumma

Oct. 16, 2019 at 7:00 a.m. EDT

They wanted to be models. Mostly struggling college students, the young women submitted applications through websites such as BeginModeling.com — which promised a “comfortable start” in the industry — only to learn that the modeling job was a pornography shoot.

GDP the Classics Facial C...

https://www.pornhub.com/view_video...

yellow14

The good old days, love it

3 weeks ago

1

Reply

Daddygirlcouple

what happened to them?

5 days ago

1

Reply

leongrado

sued for trafficking girls.

4 days ago

1

Reply

Girls Do Porn

902 RANK

784,002 SUBSCRIBERS

63 VIDEOS

ABOUT: Real working girls having sex on video for the very first time. You will not find these girls on any other website - all girls are 100% exclusive - this is the only and only time they do porn.

JOINED: 6 years ago

WEBSITE: girlsdoporn.com

Show Less

JOIN GIRLS DO PORN NOW

Girls Do Porn

902 RANK

784,002 SUBSCRIBERS

63 VIDEOS

ABOUT: Real working girls having sex on video for the very first time. You will not find these girls on any other website - all girls are 100% exclusive - this is the only and only time they do porn.

JOINED: 6 years ago

WEBSITE: girlsdoporn.com

Show Less

JOIN GIRLS DO PORN NOW

GIRLSDOPORN PMV NOONEMAN (REUPLOAD)

millennialmike

7.2K Views

87%

Girlfriend give her boyfriend a blowjob

Pornboy170

10.5K Views

71%

0:59

Source: www.washingtonpost.com/business/2019/10/16/men-behind-girls-do-porn-lured-young-women-with-modeling-jobs-then-tricked-them-into-porn-the-says/

The Czech police recently arrested the owners of the Pornhub partner channel Czech Casting for sex trafficking. The company running the channel called Czech AV had almost 1 billion views on Pornhub.

The screenshot displays the homepage of the Czech Casting website. At the top left, navigation links include 'Home', 'About Us', 'FAQ', 'Contact Us', 'Privacy Policy', 'Terms & Conditions', and 'Sitemap'. A sidebar on the right contains social media icons for Facebook, Twitter, YouTube, and Instagram, along with a 'Subscribe' button.

The main content area features a large banner for 'Czech Casting' with the text 'JOIN CZECH CASTING NOW'. Below this, there are two columns of statistics:

- Rank:** 692
- Subscribers:** 64,330
- Videos:** 124

A red box highlights the 'Subscribers' count, and a red arrow points from it to the 'Czech Casting' banner. Below the statistics, there is a section titled 'Prague Morning' with a video player showing a woman in a red dress.

Below the video player, there is a section titled 'Czech Casting: Women Lured By Modeling Gigs, Manipulated Into Shooting Porn'. The text describes how the site has become a hub for amateur casting, attracting many women who are lured by promises of modeling gigs and manipulated into shooting porn. It mentions that the site has been around since 2010 and has gained a reputation as a place where women can find their dreams.

At the bottom, there is a section titled 'Achievements:' which lists several accomplishments, including being featured in various media outlets and receiving awards.

ABUSE & CRIME

CSAM / TRAFFICKING

Case Example:

**In September 2020
Tuscaloosa man was
charged with
monetizing child
exploitation on a
verified account on
Pornhub.**

TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE


abc33 NEWS

WATCH

70°

Tuscaloosa man charged for producing porn with a minor, uploading it to Pornhub

by Stephen Guillen
Wednesday, September 16th 2020



Michael Terrell Williams (source: Tuscaloosa County jail)(fp)

they checked the woman's claims a video uploaded to the website featured her as a 16-year-old involved in a sex act with Williams.

The Pornhub account included an uploaded photograph of Williams' Alabama driver's license as well as a picture of himself holding a piece of paper that read "BigTankDog on pornhub.com."

Court records show the website made the arrest after Pornhub.com verified Williams account and that the video in question was uploaded on 2/27/2018, which corroborated the victim's statement. The video in question had been viewed 2,447 times since it was uploaded two years ago.

Pornhub · view_video

Look at that Ass!! - Pornhub.com

May 1, 2020 · Recent Comments, Sukmycock817, 2 months ago. She sucked the cum outta my cock shortly afterwards. 0. • Reply: BigTankDog, 2 months ago.

Pornhub · view_video

PT.2 BabyGirl Submitting Giving Daddy BBC Sloppy Toppy - Pornhub.com

Nov 20, 2019 · BigTankDog · 10 videos, Subscribe, 209. Show love: Sand Tio, Categories: Amateur, Big Dick, Blowjob, Creampie, Exclusive, Interracial, POV, ...

77

CSAM / TRAFFICKING

Case Examples:

Dawn Gianni convicted in 2018. Gianni sexually assaulted a 14 yr old girl and the videos were uploaded to Pornhub.

Underage Megan Guthrie had CSAM of her on Pornhub and her name was trending on the site.

CSAM / TRAFFICKING Case Examples:

IWF identified 118 cases, half Category A level abuse = penetration and sadism.

Sunday Times investigation in 2019 found “dozens” of illegal videos in “minutes” including a child as young as three.

TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

THE SUNDAY TIMES

“The Internet Watch Foundation said it had identified 118 examples of child sexual abuse material on [Pornhub].”

THE SUNDAY TIMES

THURSDAY APRIL 16 2020

Share

Twitter

Facebook

Save

Pornhub is awash with secretly filmed “creepshots” of schoolgirls and clips of men performing sex acts in front of teenagers on buses. It has also hosted indecent images of children as young as three.

The website says it bans content showing under-18s and removes it swiftly. But some of the videos identified by this newspaper’s investigation had 350,000 views and had been on the platform for more than three years. Three of the worst clips that were flagged to Pornhub still remained on the site 24 hours later.

THE SUNDAY TIMES

INVESTIGATION

PayPal cuts off porn site that ran child abuse videos

Share This

Sunday November 17 2019, 12:01pm GMT, The Sunday Times

Share

Twitter

Facebook

Save

PayPal has stopped processing payments for the world’s biggest pornography website after it was found to be hosting illegal content, including videos depicting child sexual abuse.

MindGeek continues to claim every video is reviewed before upload, thus Pornhub is complicit in the approval, monetization and distribution of CSAM/Trafficking.

🔒 pornhub.com

Upon upload, every video and photo uploaded to Pornhub is reviewed manually by a large and extensive team of moderators looking for illegal content. This sets us apart from other platforms like Twitter or YouTube as well as other adult sites and allows us to act swiftly and promptly for users who violate our **Terms of Service**.

ABUSE & CRIME

CHILD SEXUAL ABUSE MATERIAL (CSAM) / TRAFFICKING

This video was confirmed by NCMEC as underage. The pre-pubescent victim was anally raped in the video. The video was uploaded to Pornhub 3 times by 3 different users over several weeks. There is documented evidence the video was reported but Pornhub did not act until NCMEC forced the removal. Pornhub then left the link, title, & tags on the site to continue to drive traffic.

TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

Video has been removed at the request of NCMEC.

DADDY PUNISHES TINY YOUNG BARELY LEGAL DAUGHTER
BDSM ANAL ABUSE

20684 views · Added: 2 weeks ago

Categories: Amateur, Anal, Big Dick, Bondage, Fetish, Old/Young, Small Tits, Teen

Tags: ass fuck, bdsm, kink, petite, big cock, teenager, young, bondage, daddy, daughter, abuse, punished, tiny, torture, whip

3 days ago

Dude. This isn't barely legal. This is fucking C***d Porn.

0 likes · Reply

s ago

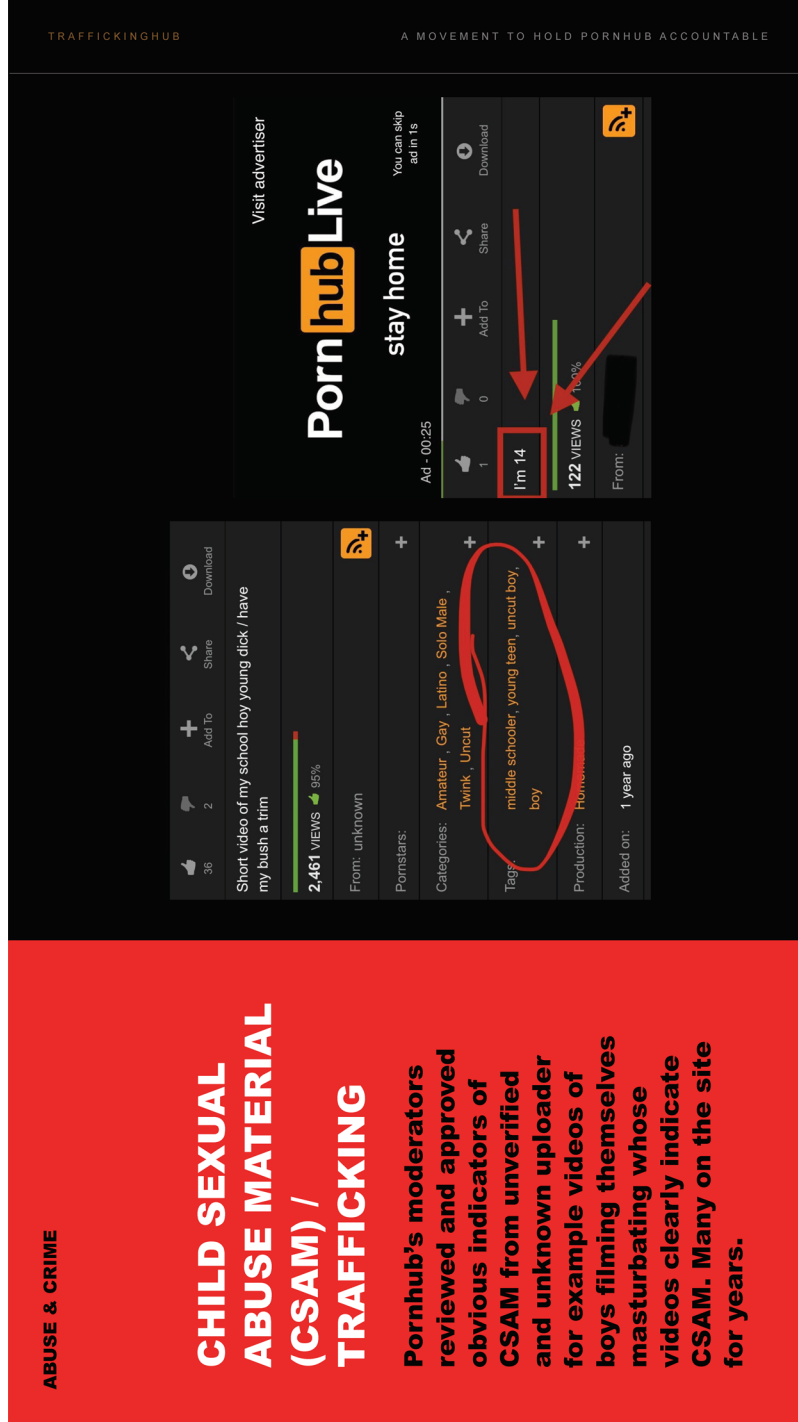
im not complaining

0 likes

ABUSE & CRIME

CHILD SEXUAL ABUSE MATERIAL (CSAM) / TRAFFICKING

Pornhub's moderators reviewed and approved obvious indicators of CSAM from unverified and unknown uploader for example videos of boys filming themselves masturbating whose videos clearly indicate CSAM. Many on the site for years.



ABUSE & CRIME

CHILD SEXUAL ABUSE MATERIAL (CSAM) / TRAFFICKING

Filmed child sexual
abuse is being
monetized, downloaded,
sold and traded on
Pornhub.

TRAFFICKINGHUB A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

TEEN CP 4.1 21 Add To Share (LINK ON) Download

5,876 VIEWS 66%

From: pornoaye

Pornstars: +

Categories: Blowjob , Handjob , Hardcore , Pussy Licking , Teen +

Tags: kink, teenager, young, teen, tiny teen, 18 year old, small girl, small teen, small tits +

Production: Homemade

Added on: 1 year ago

"CP" = "Child Pornography" link in title of the video

holidaymarie
Looking for something younger?
rtm@hotmail.com

Real user comment on Pornhub advertising CSAM

Pornhub Popular Comments

Login or Sign Up now to post a comment!

Trade cp? 1 year ago

Hugo! 3 weeks ago

Dolly 3 months ago

aver. 8 months ago

If anyone wants to trade cp hit me up r magf

8 months ago

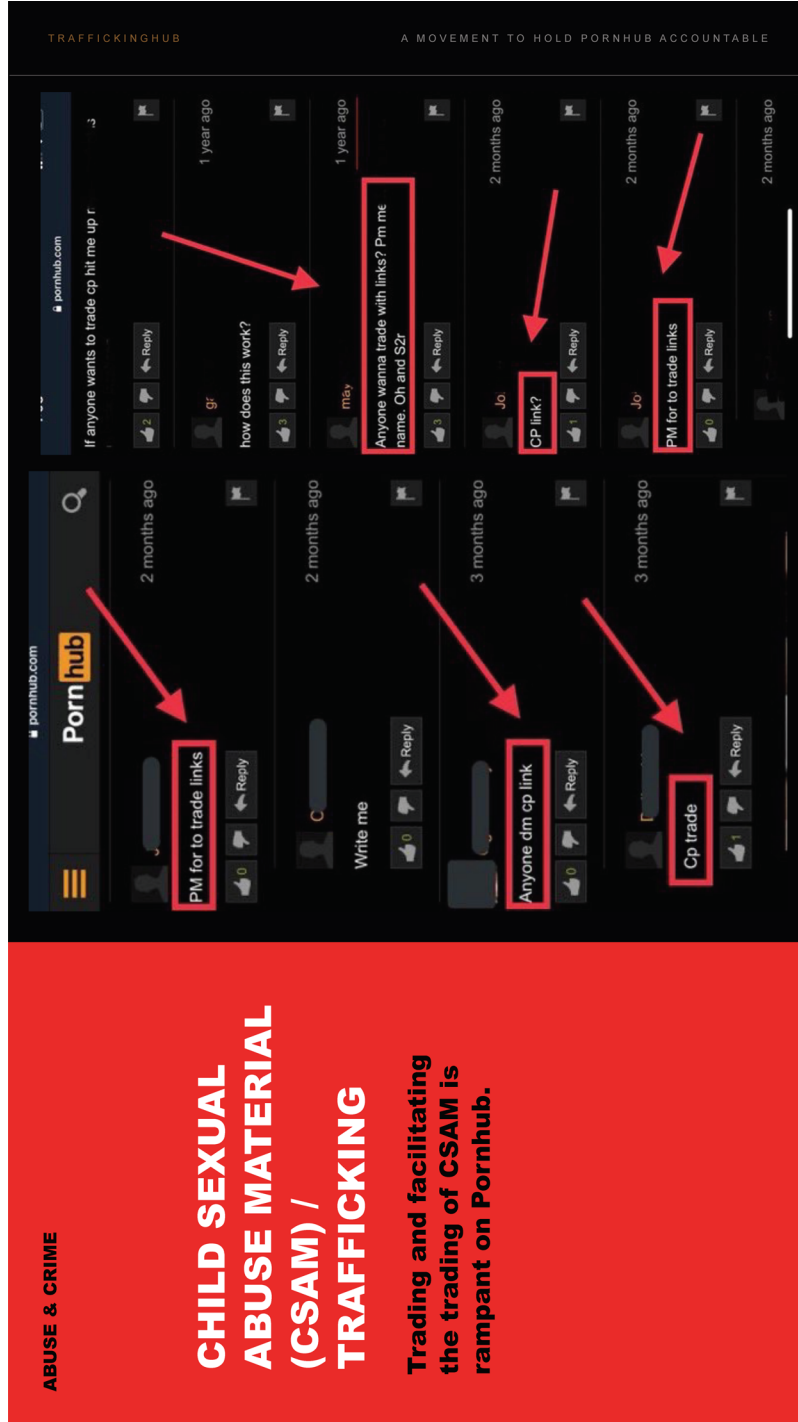
Hi I wanna trade pics boys or girls on Kik or Snapchat I'm 14

woahitsavagina 4 months ago

ILLEGAL

CHILD SEXUAL ABUSE MATERIAL (CSAM) / TRAFFICKING

Trading and facilitating
the trading of CSAM is
rampant on Pornhub.



**CHILD SEXUAL
ABUSE MATERIAL
(CSAM) /
TRAFFICKING**

These are examples of underage victims of Pornhub, who had videos of abuse on the site, many victims have said Pornhub did not respond to their pleas to remove their CSAM videos.

The image is a collage of four screenshots from social media platforms, likely Twitter or Instagram, showing various tweets and replies. The top-left screenshot shows a tweet by @LailaMickelwait replying to @LailaMickelwait, discussing sexual acts at age 15 and the impact on pornhub videos. The top-right screenshot shows a tweet by Caroline Jewel (@notyourporno-5h) about being raped at 15 and the resulting trauma. The bottom-left screenshot shows a tweet by PORNHUB (@pornhub-6d) about deleting videos of rape after legal action. The bottom-right screenshot shows a tweet by Remember restaurants? (@remember-restaurants?) about remembering restaurants.

Screenshot 1 (Top Left):

Replying to @LailaMickelwait
I was blackmailed into sending videos of myself doing sexual acts, as a 15 year old. I remember one of those videos ending on pornhub, and still now I check every now and then just out of fear that those videos end up as someone's jerk off material.
2 5 20

Screenshot 2 (Top Right):

I had to prove I was underage for them to take a video of me down. Fucking disgusting.
y - 2d

Screenshot 3 (Bottom Left):

The boy who raped me threatened to post a video on pornhub and I found it.
was sobbing and crying because I'm only 15 and it happened when I was 14 and I was so scared that a lot of people could've seen it.
Yesterday I found out an explicit video of me was posted to pornhub. I was underage, did not send it to anyone in the best of my recollection, and it got hacked from my phone. I was Horrified reported it and filed a complaint with the National Center of exploited children. Police took a statement yesterday and I am waiting for a detective to contact me. Even if the video is down it could always come back. This could ruin my life and future. I'm terrified and I am traumatized.

Screenshot 4 (Bottom Right):

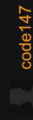
Pinned Tweet
Caroline Jewel @notyourporno-5h
Remember when I spent 2 months begging you to take down the video of me being orally raped at 15? The one where I was crying, screaming and had a bloody nose? The one that was up for a year and a half before I even knew about it?
Do you remember that?
PORNHUB @pornhub-6d
Remember restaurants? 🍴
3 27 68
Show this thread

ENABLING & FACILITATING BAD ACTORS

IGNORING CLEAR WARNING SIGNS FROM USERS

In 2019, 11.5 million comments were made by users about videos on Pornhub.

Many of these comments express distress or concern, flagging what appears to be actual crimes filmed in the videos. Many also demonstrate sadistic, misogynistic, and violent attitudes of malevolent and predatory sexual behavior.



2 years ago

Is this girl even old enough to be up on this type of videos??? that dude looks like a prick.... feeding on the innocent.... this c***d abuse!!! really!



Zeb50

3 years ago

Look at this face at 5:40. it's says "Free me please, enough of that".
I can't jerk on that, even if she is gorgeous.
Ridiculous depressing channel :/



luvsasianwhores

3 months ago

Best part. He should have pulled her hair, choked her a bit the rougher then better. Torture these little fucktoys

I probably could do without the crying.



Reply



Whoa she looks like she's 12.



bluelight6742

Jfc she looks like she's 14



somewhat_angry

SHE LOOKS WAY UNDE***E SMH

REAL USER COMMENTS ON PORNHUB

TRAFFICKINGHUB.COM

A CAMPAIGN TO HOLD PORNHUB ACCOUNTABLE

seannahem

3 years ago

She looks like 14 and I love it

20

1

Reply

pornfire2017

1 year ago

its a c***d porn

0

0

Reply

vitomod

2 years ago

I honestly believe this is too young. No matter what country

35

1

Reply

Minecraftmachine

6 months ago

She is actually 15. I know this girl in real life and I also know her dad..

6

1

Reply

jongent18

1 year ago

i know she looks 13 or something

2

1

Reply

M26f28m

1 year ago

disgusting she looks like a c***d. remove that shit

42

1

Reply

znanaxxz

5 days ago

Wtf she's like 15

0

1

Reply

Wait that's illegal

2 months ago

4

1

Reply

2

7 months ago

Had to make an account just to say how SICK this jail KNOW sex trafficking when you see it. She's young, inexperienced and doesn't even seem to understand what is happening to her, yet alone like it. Take this SHIT down!!

23

1

Reply

ENABLING & FACILITATING BAD ACTORS

IGNORING CLEAR WARNING SIGNS FROM USERS

In 2019, 11.5 million comments were made by users about videos on Pornhub.

Many of these comments express distress or concern, flagging what appears to be actual filmed crime including CSAM, trafficking and rape.

88

ENABLING & FACILITATING BAD ACTORS

CSAM ENABLED IN PRIVATE FOLDERS

Pornhub's design included a feature where users can privately upload and share image and video sex acts out of public view.

Content in private folders and messaging are held with very little oversight.

These private files were used to distribute/share illegal content including CSAM/trafficking.

The diagram shows a flow of content from a user's profile to a folder, then to a folder icon with 'xxx', and finally to a question mark, representing the distribution of illegal content.

Users can upload private content for themselves, make it viewable to share with others, or allow other users to contribute their own videos to the folders. Child Sexual Abuse Material (CSAM) has been discovered in these private folders, which provide pedophiles a place to communicate and share illegal content.

ENABLING & FACILITATING BAD ACTORS

INSTRUCTING USERS NOT TO REPORT CSAM

Pornhub's Senior Community Manager was publicly caught instructing users NOT to report CSAM to relevant agencies.

The screenshot shows a Reddit thread on the subreddit r/TwoXChromosomes. The post, by user u/Pencilpunk, is titled "There's child porn all over Pornhub" and has been removed. The thread includes a comment from Pencilpunk and a reply from a user named Kaine_Pornhub, who is identified as a Pornhub employee. Kaine_Pornhub's comment instructs users not to report CSAM to agencies and instead to email the URLs to Pornhub's support, claiming it's more likely to be removed that way. A red arrow points to this comment, and a red box highlights the text "You don't need to report the urls to an agency, just flag them it email the urls on pornhub.com/support. It's very likely that if they aren't removed it's because it's not illegal content."

r/TwoXChromosomes
u/Pencilpunk • 324d

There's child porn all over Pornhub
[removed]

Vote 24 Share Award
SINGLE COMMENT THREAD VIEW ALL

Pencilpunk • 323d
Thank you for the link, I tried but it gives me an error message.

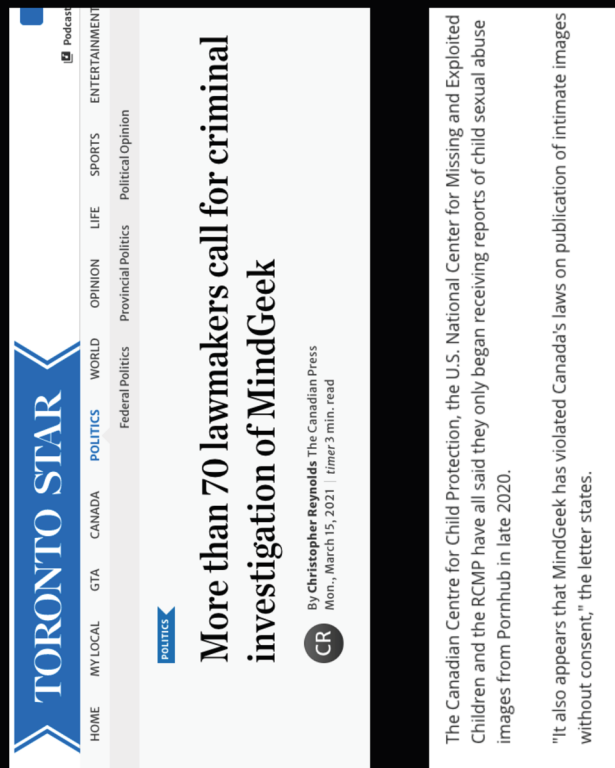
I don't see why it's a bad thing to report it to Pornhub though. I want them to remove the videos. They have hundreds of thousands of collective views. There's only so much a law enforcement agency can do, they might very feasibly not be able to do anything. At least Pornhub can do us all the justice of not hosting the videos.

These videos are on one of the most popular websites on the planet. Personally I think that that, in itself, is a problem worth spending two or three clicks to try and reverse. It's so bizarre to me that this has received a negative reaction. It's so weird.

Kaine_Pornhub • 323d
You don't need to report the urls to an agency, just flag them it email the urls on pornhub.com/support. It's very likely that if they aren't removed it's because it's not illegal content.

fatjohn408 • 317d
Don't listen to her. She's scheming her way out of this. Report it to the proper institutions.

During recent Canadian Parliamentary Ethics Committee hearings 2021 it was revealed by the Royal Canadian Mounted Police, The National Center for Missing and Exploited Children and the Canadian Centre for Child Protection that Pornhub/ MindGeek had made ZERO reports of CSAM from 2008 until late 2020 after global media exposure and condemnation.



NON-REPORTING OF CHILD SEXUAL ABUSE MATERIAL (CSAM)

Through the end of
2020, Pornhub had not
reported known child
sexual abuse material
to the Cybertipline.



2019 Reports by Electronic Service Providers (ESP)

ESP	Number of Reports
Omigle.com LLC	3,470
OTTI Holdings, Inc.*	75
Patreon	5
PayPal Inc.	322
Photobucket	120
Pinger, Inc.	5
Pinterest Inc.	7,360
ProBoards	37
Public Internet Registry	89
Quora	1
Rabbit	2,969
Reddit, Inc.	3
Reddit, Inc.	724

WHERE IS PORNHUB?

NCMEC'S CYBERTIPLINE

Is the nation's centralized reporting system for the online exploitation of children, including child sexual abuse material, child sex trafficking and online enticement.

In 2019 the Cybertipline received 16.9 million reports related to suspected child sexual exploitation. These reports contained 69.1 million videos, images and files.

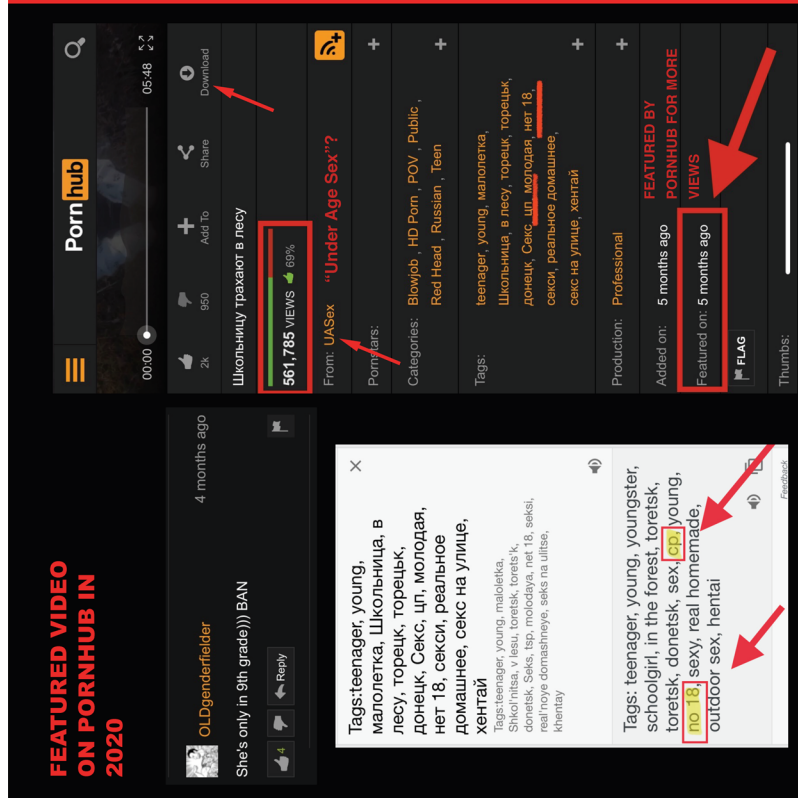
This list is a breakdown of reports by electronic service providers. While 148 other companies did proactively report, Pornhub did not report any instances of suspected child abuse and exploitation to NCMEC's Cybertipline through 2019.

Why no reports to NCMEC through end of 2019?

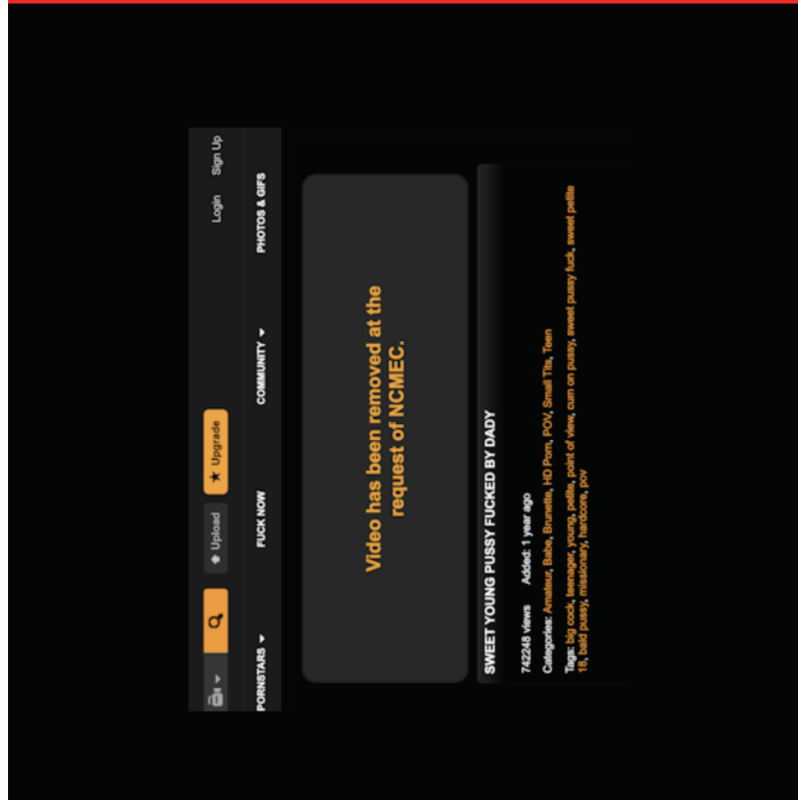
A: never heard of NCMEC we might report to that too but i would not know

Whistleblower moderator says they "never heard of NCMEC"

According to MindGeek, they review and approve each video before upload. Therefore, MindGeek approves videos of underage victims. This video identified the girl as underage in the comments, with the tags “Cp” and “Not 18” and yet Pornhub intentionally FEATURED (advertised) the video in order to get more views.



When NCMEC would confirm instances of CSAM they would send Pornhub a takedown notice. Evidence shows Pornhub would delete the video but use the data of the child exploitation videos to continue driving traffic to the site using the tags, titles, views etc.





TRAFFICKINGHUB A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

<p> https://www.pornhub.com/view_vl...</p> <p>Middle School Blow Job - Pornhub.com</p> <p>Pornhub is home to the widest selection of free Blowjob sex videos full of the hottest pornstars. If you're ... Video has been removed at the request of NCMEC.</p>	<p> https://www.pornhub.com/view_vl...</p> <p>Hairy and Ugly Teen Gets Hard Fucked by her first BBC on the Couch - Pornhub.com</p> <p>Pornhub is home to the widest selection of free Big Dick sex videos full of the hottest pornstars. If you're ... Video has been removed at the request of NCMEC.</p>	<p> https://www.pornhub.com/view_vl...</p> <p>A Clockwork Fap Pack - Pornhub.com</p> <p>Pornhub is home to the widest selection of free Pomstar sex videos full of the hottest pornstars. If you're ... Video has been removed at the request of NCMEC.</p>
<p> https://www.pornhub.com/view_vl...</p> <p>3 Glorious Nudes - Pornhub.com</p> <p>Pornhub is home to the widest selection of free Lesbian sex videos full of the hottest pornstars. If you're ... Video has been removed at the request of NCMEC.</p>	<p> https://www.pornhub.com/view_vl...</p> <p>한국 분당고 3학년 6반 서지윤 자위영상 - Pornhub.com</p> <p>Pornhub is home to the widest selection of free Masturbation sex videos full of the hottest pornstars. ... Video has been removed at the request of NCMEC.</p>	<p> https://www.pornhub.com/view_vl...</p> <p>喊着嘎干爹搞、村姑萝莉、求求你轻点- Pornhub.com</p> <p>Pornhub is home to the widest selection of free Blowjob sex videos full of the hottest pornstars. If you're ... Video has been removed at the request of NCMEC.</p>
<p> https://www.pornhub.com/view_vl...</p> <p>萝莉幼女初中生资源扣扣3382133184 - Pornhub.com</p> <p>Pornhub is home to the widest selection of free Anal sex videos full of the hottest pornstars. If you're craving ... Video has been removed at the request of NCMEC.</p>	<p> https://www.pornhub.com/view_vl...</p> <p>Desi Dad Fucks his Son's Friend - Pornhub.com</p> <p>Pornhub is home to the widest selection of free Blowjob sex videos full of the hottest pornstars. If you're ... Video has been removed at the request of NCMEC.</p>	<p> https://www.pornhub.com/view_vl...</p> <p>Boy Masturbating before going to School - Pornhub.com</p> <p>Pornhub is home to the widest selection of free Twink sex videos full of the hottest pornstars. If you're ... Video has been removed at the request of NCMEC.</p>

THESE ARE GOOGLE SEARCH RESULTS FOR CSAM THAT THE NATIONAL CENTER ON MISSING AND EXPLOITED CHILDREN (NCMEC) CONFIRMED AND DEMANDED PORNHUB REMOVE, YET PORNHUB LEFT THE URLS LIVE AND THE DATA ON THE SITE TO DRIVE GOOGLE TRAFFIC FROM REPORTED CSAM



ABUSE & CRIME

RAPE / SEXUAL ASSAULT

Many may assume that the people in videos on a site like Pornhub are actors who have consented.

However, there are numerous videos of actual rape and sexual assault that have been uploaded to Pornhub - crime scene footage of real sexual violence that is monetized, publicly viewable and downloadable.

TRAFFICKINGHUB A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

Cute Amateur Teen Drunk And Stone In Ecstasy With Her First BBC On Drugs
DailySexPleasure 434K Views 70%

Suggested Searches

- drunk teen
- amateur drunk teen
- gangbang drunk girl
- amateur drunk wife

maxilin
rape, violation, abuse
Awful

Drunk
reana33 120K Views 87%

HD 4.06
Mexican Teen, she's in Drunk After Party, Real Home
Madel!

Hi I just came across this. My ex was date raped and the 6 sec video that was posted by her perp of her unconscious getting RAPED was on pornhub.

235 113 5h
+ Add To Share

Drunk Asian girl humped by friend.
177,187 VIEWS 68%
From: 053131224

Real message about rape on Pornhub.

fivebyseven
3 months ago
Bitch is so fucking stoned holy shit. Love how she just lays there getting fucked. So hot

2 114 74 + Add To Share Download

Misadventures of a drunk girl
55,449 VIEWS 61%

An actual video on Pornhub of an incapacitated woman being sexually exploited.

was not as happy for her...they held her down screaming and shaking trying to go balls deep in her pussy and ass!!

11 114 74 + Add To Share Download

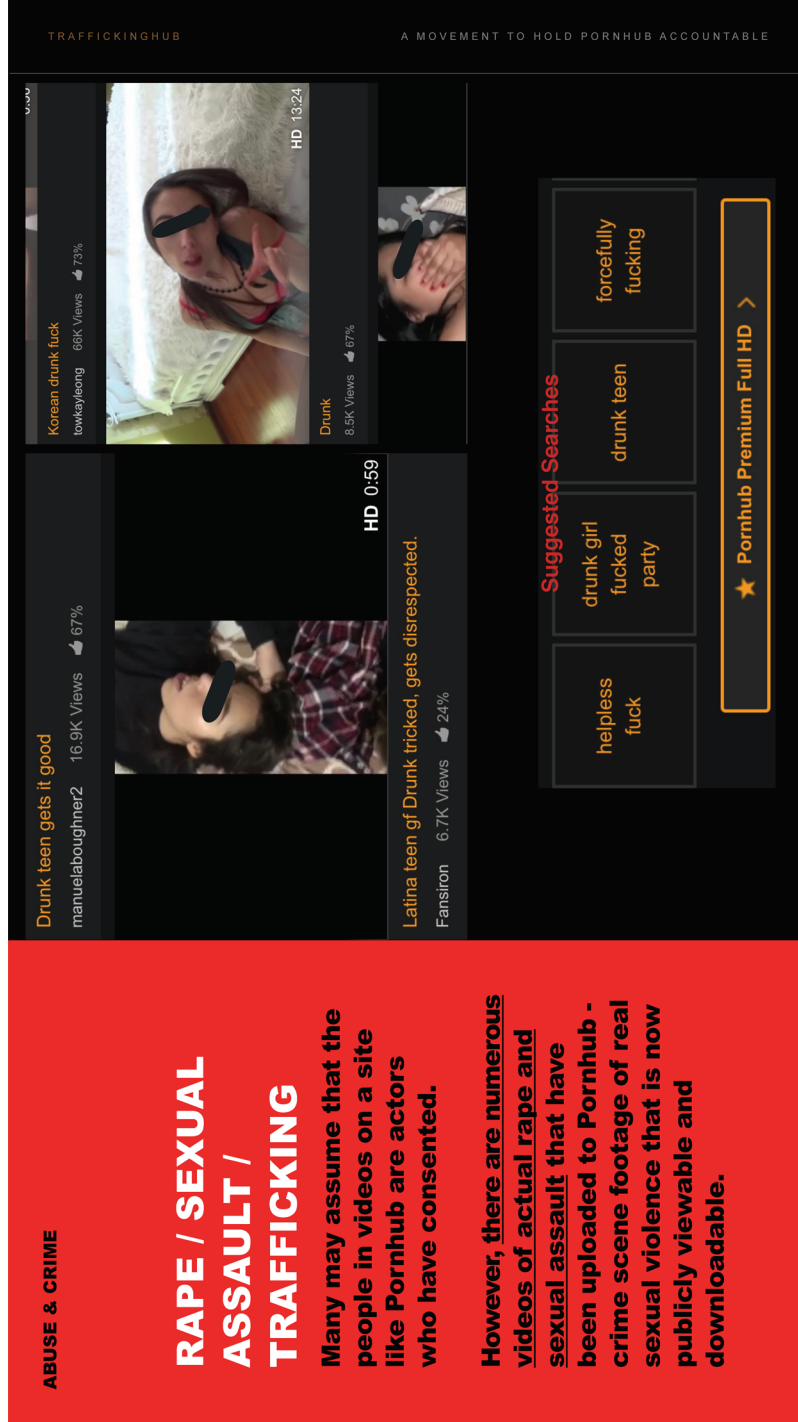
06:23 07:09

ABUSE & CRIME

RAPE / SEXUAL ASSAULT / TRAFFICKING

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ABUSE & CRIME

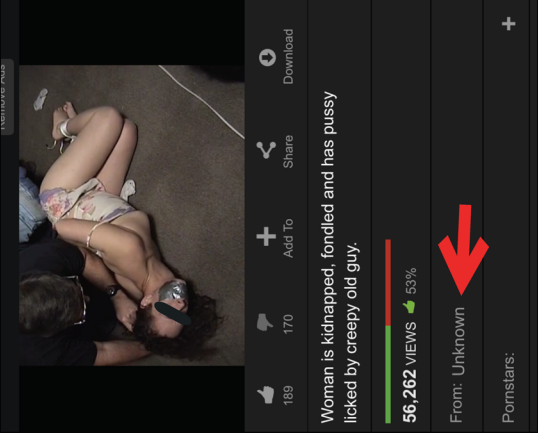
RAPE / SEXUAL ASSAULT / TRAFFICKING

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TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE




Woman is kidnapped, fondled and has pussy licked by creepy old guy.

56,262 VIEWS 53%

From: Unknown

Pornstars: +



Large Bruises

Knife

TRAFFICKINGHUB.COM A CAMPAIGN TO HOLD PORNHUB ACCOUNTABLE

ENABLING & FACILITATING BAD ACTORS

RAMPANT RAPE VIDEOS FROM ANONYMOUS AND “UNKNOWN” USERS

Videos uploaded by users listed as “unknown.”

Anonymity eliminates accountability, enabling bad actors uploading illegal content and non-consensual videos.

this is fucking r**e!!!!!! bastards!!!!

3

Reply

Pornhub

LIVE CAMS

HIDE UP

18+ PHONE SEX

PREMIUM

ORDER WEED ONLINE

weedmaps

MADE BY TRAFFIC JUNKY

Remove Ad

00:24

00:48

33

107

Fucking tight beautiful Indian pussy homemade girlfriend

46,264 VIEWS

47%

From: Naresh626

00:55

02:38

280

183

Indian 019

129,491 VIEWS

60%

From: Unknown

Download

Share

Add To

Download

THESE VIDEOS SHOW ACTUAL RAPES IN INDIA.

ABUSE & CRIME

“REVENGE PORN” AND IMAGE BASED ABUSE

Revenge porn and other forms of image based abuse are not only enabled and monetized on Pornhub but they are blatantly advertised and promoted by Pornhub.

TRAFFICKINGHUB A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

Pornhub ARIA @Pornhub

#PornhubAdvice Don't film yourself having sex if you can't handle it getting leaked. Duh.

9:05 AM · Dec 28, 2011 · Hootsuite

58 Retweets 1 Like

Pornhub official Twitter promoting and excusing image based abuse

JERK OFF PORNHUB TEENS VIEW CAMS

00:00 01:45

212 54

Spoken teen's secret peeing scenes

90,084 VIEWS 80%

From: Unknown

Spycam video that was on Pornhub in 2020.

Ex girlfriend begging to stop

713,759 VIEWS 75%

From: unknown

Pornstars:

Categories: Amateur , Big Ass , Female Orgasm , Hardcore , Reality , Rough Sex , Teen

Tags: leaked ex girlfriend, begging stop, big ass, british amateur, british slut, british chav, chav, fucked hard, begging, begging cum, slutty teen, real ex girlfriend, ex of revenge, ex girlfriend

Production: Homemade

Added on: 8 months ago

FLAG

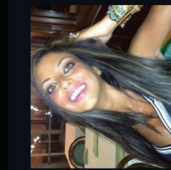
Video that was on Pornhub in 2020.

ABUSE & CRIME

NON-CONSENSUAL RECORDINGS

Tiziana Cantone is a victim of “revenge porn” whose non-consensually uploaded video went viral. She became suicidal as many victims do and she ended her own life in 2016.

As of 2020 you could still find her abuse video title and name on Pornhub.



Tiziana Cantone's family calls for justice after suicide over sex tape
The family of Tiziana Cantone, the woman who committed suicide after her non-consensual upload of her sex tape went viral on the internet, urge Italian...



To view this video you must add this user as friend



urick94



Add friend

Tiziana Cantone

65,863 VIEWS 67%

From urick94

Her name is visible next to the video on Pornhub. This version of the uploaded video received almost 67,000 views.

TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

ON World LIVE TV

Tiziana Cantone's family calls for justice after suicide over sex tape

By James Masters and Livia Bergness, CNN
Updated 3:42 PM ET, Fri September 16, 2016



Story highlights

Sexually explicit videos of Tiziana Cantone went viral online

Cantone, 31, committed suicide this week, reports say

(CNN) — The family of Tiziana Cantone, an Italian woman who committed suicide after sexually explicit videos of her went viral on the Internet, has urged the Italian authorities "to act so that her death was not in vain."

The 31-year-old was found hanged Tuesday at her aunt's home in Mugnano, near Naples, in the south of the country, according to media reports.

Four people are under investigation by criminal prosecutors over alleged defamation of the woman, Italian state media ANSA reported.

Source: www.cnn.com/2016/09/16/europe/italiana-cantone-sex-tape-suicide/index.html

ABUSE & CRIME

SECRET NON CONSENSUAL RECORDINGS
There are clear examples of “spycam” and other hidden camera content where the person depicted clearly did not consent to either being filmed or to have a video of them uploaded on Pornhub.

9 women sued Mindgeek/ Pornhub in March 2020 for spycam videos.

TRAFFICKINGHUB

A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

pornhub.com

24

6

+

Add To

Share

Download

Best Hidden Cam Voyeur peep show dressing room mix Quickcut King

6,393 VIEWS

80%

From: QUICKCUT_CLIP_KING

Pornstars:

Related

Comments (1)

Playlists

5:00

Women in the shower

191K Views

76%

This is a real spycam video on Pornhub in 2020

pornhub.com

510

174

+

Add To

Share

Download

Student toilet SpyCam 2

185,833 VIEWS

75%

From: bocadillo

Pornstars:

Categories: Big Ass , HD Porn , Pissing , Public , Romantic , Russian , Solo Female , Teen

Tags: kink , public , outside , amateur , homemade , toilet , pissing , bigass , spying , hidden camera , teen , petite , young , compilation

Production: Professional

Added on: 9 months ago

This is a real spycam video on Pornhub in 2020

105

ENABLING & FACILITATING BAD ACTORS IN 2020 ANONYMOUS UPLOADING AND RECKLESS “VERIFICATION” PROCESS.

**Anyone could upload
content with only an email
address.**

**However, the process to go
on to become a “verified”
user with a verification
badge only required a photo
of applicants holding a
handwritten sign of their
username. No government-
issued ID was required.**

Get Verified On Pornhub!



What is Verification?

As part of our ongoing efforts to make Pornhub the World's Biggest Tube Site, we offer a free identity verification service. Become Pornhub verified to prove that you are real, stand out and attract more attention from other Pornhub Community users! Being verified also makes you eligible to join our [Model Program](#).

What Do I Need to do to Verify my Identity?

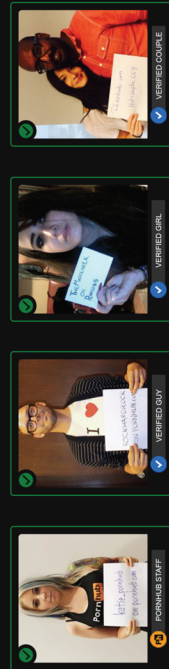
All you need is a Pornhub account, an avatar uploaded to your account and a verification image uploaded via the uploader below. All verification images are totally private, only seen by Pornhub staff and stored securely.

What is a Verification Image?

- A photo of you holding up a sign with your username and pornhub.com written on it (or write it on your body)
- All photos must show most of your face
- Your account must be in good standing
- Digitally modified text or images will be rejected
- Main file size is 5mb
- Supported file types: jpg, gif and png
- Your account gender must match gender presentation in the image submitted
- Check out some examples below!

Accepted Verification Images

The following Verification images would be accepted!



Sources: www.pornhub.com/user/verification



TRAFFICKINGHUB A MOVEMENT TO HOLD PORNHUB ACCOUNTABLE

MODERATORS WERE "EXPECTED" TO VIEW 900 VIDEOS PER SHIFT WITH SOME VIEWING 1200 PER SHIFT

CONVERSATION WITH MINDGEEK WHISTLEBLOWER MODERATOR IN 2020

well it is and honestly i would rather do anything else but the pay wouldnt allow me to live
3:47 PM ✓

I understand I'm grateful you are willing to reach out to me I know I'm sure the content you see is difficult for you
3:48 PM ✓

How many videos did you used to have to watch per shift before?
3:48 PM ✓

the official number was around 700-800 pornhub videos a day but it was expected to do at least 900 pornhub and depending on the day more videos for other sites
for each person
3:50 PM

So how many total?
3:50 PM ✓

well the more experienced moderators did around 1000 videos on pornhub and around 150-200 videos from other tubes
3:51 PM

My God so up to 1200 videos per shift wow
3:52 PM ✓

now i know that we had videos that were very underage being approved
i know a few of the people that approved such videos
it was mostly them trying to hit the numbers they ware being asked and not viewing some videos at all

ENABLING & FACILITATING BAD ACTORS

PORNHUB LAUNCHED THEIR OWN VPN

The VPN offers another layer of anonymity for users and further decreases the perception of risk for bad actors.

This enables pedo-criminals and traffickers to upload with less ability to be held accountable.

“PORNHUB IS LAUNCHING ITS OWN VIRTUAL PRIVATE NETWORK (VPN) SERVICE TODAY WITH FREE AND UNLIMITED BANDWIDTH. THE VPN IS SUPPOSED TO HELP USERS AVOID ISP THROTTLING AND GEOGRAPHIC LIMITATIONS. IT’S ALSO DESIGNED TO LET USERS TRANSMIT DATA ANONYMOUSLY WITHOUT SAVING OR COLLECTING ANY OF THAT DATA.”

– THE VERGE, MAY 2018

Source: The Verge, www.theverge.com/2018/5/4/17382144/pornhub-launches-vpn-vpnhub

TRAFFICKINGHUB.COM

A CAMPAIGN TO HOLD PORNHUB ACCOUNTABLE

TRAFFICKINGHUB.COM

A CAMPAIGN TO HOLD PORNHUB ACCOUNTABLE

ENABLING & FACILITATING BAD ACTORS

MIRROR SITE ON DARK WEB

Pornhub has created a Tor mirror site which helps anonymize web traffic and prevent internet service providers and the government from tracking users' activities.

Home > News > Security

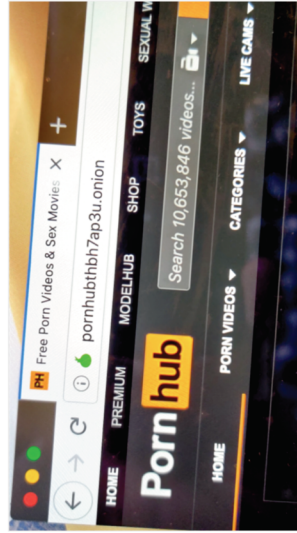
Pornhub Is Now Available as a Tor Site to Protect Users' Privacy

Pornhub decided to create the Tor mirror site to help protect the porn-viewing habits of LGBT users, whose sexual preferences can be criminalized in certain countries.

By Michael Kan

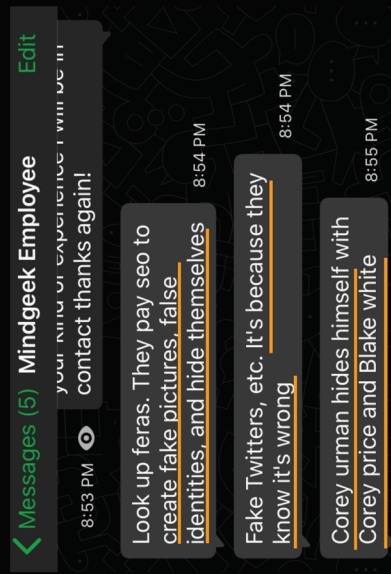
January 23, 2020

f t ...



Want to keep your adult online activities private? Well, good news: Pornhub is now available on the [dark web](#).

EXECUTIVES AND VPS HIDE THEIR IDENTITY WHILE VICTIMS ARE EXPOSED



In November 2020 I was contacted by a high school principle who provided evidence of a 15 yr old child being abused on Pornhub. In the title of the video was her full real name, the name of her high school and the town she lives in. She was suicidal. She is one of many trafficking victims doxxed on Pornhub in videos uploaded against their will while the executives hide their own identities.

**DECEMBER 2020 NY
TIMES EXPOSE**

**In December 2020
Nicholas Kristoff of the
NY Times published a
scathing expose that
brought significant
international attention to
the issue of child
trafficking and
exploitation on Pornhub.**

The New York Times

Opinion

The Children of Pornhub

Why does Canada allow this company to profit off videos of exploitation and assault?



Shortly after the NY Times expose, Visa, MasterCard, and Discover confirmed the presence of illegal content and stopped allowing payments to be processed on Pornhub.

ACCOUNTABILITY

TRAFFICKINGHUB.COM

A CAMPAIGN TO HOLD PORNHUB ACCOUNTABLE

IN UNDER 24 HOURS
PORNHUB DELETED
80% OF ITS CONTENT,
10 MILLION VIDEOS.

In response to the credit
card decisions Pornhub
deleted the majority of its
content because it could
not verify the videos did
not contain child abuse,
assault and sex
trafficking. The site also
upended its business
model to only allow
“verified” uploaders.

CNN BUSINESS

Markets Tech Media Success Perspectives Videos

Search

Pornhub removes a majority of its videos after investigation reveals child abuse

By Jordan Vallesky, CNN Business

Updated 12:24 PM ET, Tue December 15, 2020



lendingtree

Mortgage

Personal Loans

Credit Cards

Loan Type	Rate	APR
30-yr fixed	2.25%	2.40%
15-yr fixed	2.13%	2.15%
5/1 ARM	2.38%	2.53%

Loan Amount	APR	Payment
\$225,000 (US \$1M)	2.62%	\$1K.47/mo
\$450,000 (US \$2M)	2.75%	\$2.1K.91/mo

Pornhub suspends over 10 million videos to eradicate illegal content

Roughly 13.5 million videos hosted on Pornhub are now reduced to only 2.9 million.

PROBLEM NOT SOLVED

Pornhub still only consistently verifies the identity of the uploaders who are in known cases the traffickers. Pornhub still does not verify the age and consent of every individual in every video they profit from thus enabling trafficking to continue to proliferate on the site.



TRAFFICKINGHUB.COM

A CAMPAIGN TO HOLD PORNHUB ACCOUNTABLE

ACCOUNTABILITY

MULTIPLE LAWSUITS
FILED IN US &
CANADA

5 lawsuits including 3
class actions have been
filed against Pornhub/
MindGeek since
December for sex
trafficking and child
exploitation.

MONTRÉAL

New lawsuit against Pornhub alleges improvements to the site
don't go far enough

Source: News, CTV News, Montreal Digital Reporter

@BenoitG1 | Contact

Published Saturday, February 13, 2021 2:11PM EST

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Videos

40 victims of the 'Girls Do Porn' sex-trafficking operation are
suing Pornhub's parent company for \$40 million, alleging it
knowingly profited from illegal videos

Model: Adrien Hamelin - Dec 15, 2020, 4:15 AM

TECH

Pornhub parent slapped with
\$600M class action lawsuit
over child porn

By Nicolas Vega

January 8, 2021 | 6:47pm | [Link](#) | [Reply](#) | [021](#) | 6:47pm

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**CALLS FOR CRIMINAL
INVESTIGATIONS/
PROSECUTIONS IN US
AND CANADA.**

70 Members of Parliament from Canada along with 525 NGOs and 104 survivors from 65 countries have called for criminal investigations into Pornhub/MindGeek. US lawmakers have made similar calls for the DOJ to investigate.

NATIONAL POST

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[▶️](#) with video
- 2 Olympic surfing hopeful killed by lightning while training

More than 70 MPs, senators call for criminal investigation into Pornhub's Canadian owners

The politicians from all parties cite recent evidence alleging Montreal-based MindGeek regularly shared child pornography and sexual assault videos

News / Canadian Politics / Canada

The Canadian Press
Christopher Reynolds
CANADIAN PRESS

**Statement by Louise Shelley
Omer L. and Nancy Hirst Endowed Chair
Director, Terrorism, Transnational Crime and Corruption
Center (TraCCC)
Schar School of Policy and Government
George Mason University
Arlington, Va.**

“Human Trafficking and the International Financial System”

Hearing before the House Financial Services Committee

March 25, 2021

Human Trafficking and the International Financial System

Statement of Louise I. Shelley¹

Before 2000 and the movement of human trafficking into the cyber world, the profits generated from human trafficking were generally of lesser significance than today. Human trafficking has grown in the United States and internationally as larger networks can function online and organize international supply chains for both labor and sex trafficking. The pandemic has not changed the financial patterns of money laundering but merely made the online² and cryptocurrency trends more pronounced.

A key element of the interaction of human trafficking with the global economy is through the products generated by trafficked laborers. Some of the major commodities associated with trafficked laborers include: chocolate, clothing and textiles, coltan (an essential element of cellphones), and fish. The profits generated by the sale of these items move into global trade and the proceeds can often not be distinguished from licit flows of goods. This is an element of trade-based money laundering that will be addressed below.

The proceeds of human sex trafficking enter into the global financial system in a variety of ways, as investigated cases in the United States and abroad reveal. In the past fifteen years, as human trafficking has moved online, the sums involved are larger and the trade interacts more with the virtual economy including virtual currency. I will discuss these newer methods subsequently and briefly describe the criminal cases that illustrate the disposal of profits by the networks that are involved in human trafficking. For many years, the proceeds of human trafficking have intersected with the legitimate economy in the following ways and they continue to be used. :

- 1) **Underground banking:** A large Chinese network two decades ago engaged in both human smuggling and human trafficking. The individuals moved by this criminal ring were placed in over 400 legitimate businesses in the Washington, DC area and more in New York City. Therefore, their work contributed to the profits of restaurants, take-outs and other businesses. The combined smuggling-trafficking ring also made money directly from the people they moved and deposited this money in banks. Law enforcement did not move quickly to freeze the accounts of the traffickers after arresting one of their members and \$60

¹ Louise Shelley is the Nancy and Omer Hirst Endowed Chair and Director of the Terrorism, Transnational Crime and Corruption Center, Schar School of Policy and Government, George Mason University. Part of this analysis on supply chains and networks of human trafficking was done while supported by NSF EAGER grant, EAGER: ISN: A New Multi-Layered Network Approach for Improving the Detection of Human Trafficking, Award.

² Christina Bain and Louise Shelley, "The Evolution of Human Trafficking During the COVID-19 Pandemic," Council on Foreign Relations, August 13, 2020. <https://www.cfr.org/blog/evolution-human-trafficking-during-covid-19-pandemic>.

million was moved back to China rapidly through underground banking.³ Other smuggling/trafficking operations involving China also use underground banking to repatriate profits.⁴

- 2) **Money laundering into Real Estate:** The White Lace Case which was based on a human trafficking ring that generated approximately \$7 million in Los Angeles in the period 2000-2002. It was the first time that money laundering was charged in a prostitution case by the LAPD (Los Angeles Police Department).⁵ The small amount of money made by the victims was transferred to their homes in the former Soviet Union through wire transfers. The millions in profits made by the manager of the trafficking ring were invested in real estate in the Los Angeles area and wired to Switzerland.⁶ Such cases are hard to detect because of the absence of beneficial ownership information in real estate and profits are often disguised. This is particularly the case with the ownership of ubiquitous massage parlors today that number in the thousands where only 28% of businesses had registered owners.⁷ The need to fully implement the laws on beneficial ownership in regards to spas and massage parlors is of even greater currency after the recent tragic killings in Atlanta.
- 3) **Cash Movement:** In one of the largest Dutch investigations of a trafficking ring operating in the Netherlands with 120 victims, the criminals used the trafficked women as couriers of cash back to Turkey. The money was then invested in nightclubs and bars in the resort community of Antalya, Turkey.⁸ Bulk cash has also been identified in the United States.
- 4) **Establish Allied Businesses to Facilitate Money Laundering:** Businesses are established as vehicles through which to launder the profits generated from human trafficking. A criminal network in Southern California which recently was

³ Louise Shelley, *Human Trafficking a Global Perspective* (Cambridge and New York: Cambridge University Press, 2010), 106, 117.

⁴ Illustrative of this is the case of Patrick Radden Keefe, *The Snakehead: An Epic Tale of the Chinatown Underworld and the American Dream* (New York: Doubleday, 2009).

⁵ Operation White Lace, December 2002, https://www.lapdonline.org/december_2002/news_view/21690

⁶ Shelley 2010, 120.

⁷ "Corporate Secrecy Fuels Human Trafficking in the United States," 2018, <https://polarisproject.org/news/press-releases/corporate-secrecy-fuels-human-trafficking-united-states>

⁸ Discussion of the Turkish case at an OSCE meeting, Vienna. Report on the case, see https://ec.europa.eu/anti-trafficking/sites/antitrafficking/files/us_trafficking_in_persons_report_2011_netherlands_en_1.pdf.

apprehended opened a fashion boutique in order to disguise the profits from human trafficking is illustrative of this phenomenon.⁹

- 5) **Credit Cards:** The Financial Coalition Against Child Pornography (FCACP) works with The National Center for Missing & Exploited Children (NCMEC), and its sister agency, the International Centre for Missing & Exploited Children (ICMEC). FCACP is a coalition of credit card issuers and Internet service companies that seeks to eliminate commercial child pornography by taking action on the payment systems that are used to fund these illegal operations. Many of the payments for the purchase of child pornography have been made through credit cards, making the work of this coalition important.¹⁰ Credit cards are often used to pay for online advertisements for sexual services, although the names of the payee is often now disguised since Fosta/Sesta so as not to arouse suspicion from payment processors.
- 6) **Money Transfer Businesses:** Money transfer businesses were identified early in human trafficking investigations as helping pay for the transportation costs of trafficking victims. French parliamentary hearings in 2001 identified Western Union's transfer of funds derived from human trafficking.¹¹ The problem did not end then. The Department of Financial Services in New York alleged that "senior Western Union executives and managers ignored suspicious transactions to Chinese Western Union locations by several high-volume agents, including money transfers linked to human trafficking." This resulted in a \$60 million fine paid by Western Union in 2018.¹² The problem of wire transfer businesses moving the proceeds of human trafficking is not confined to Western Union. Moneygram was also involved in transferring money for a criminal gang in a prominent Southern California case.¹³
- 7) **Wire Transfer:** A 2013 case of smuggled rock lobster from South Africa to the United States reflects a combination of environmental crime, prosecuted under the

⁹ [Cindy Von Quednow](https://ktla.com/news/local-news/7-arrested-in-connection-with-operating-sex-and-labor-trafficking-ring-out-of-businesses-in-3-social-counties/), "7 arrested in connection with operating sex and labor trafficking ring out of businesses in 3 SoCal counties," March 5, 2021, <https://ktla.com/news/local-news/7-arrested-in-connection-with-operating-sex-and-labor-trafficking-ring-out-of-businesses-in-3-social-counties/>.

¹⁰ ICMEC, "Financial Coalitions Against Sexual Exploitation".

<https://www.icmec.org/financial-coalitions/>.

¹¹ *Les Documents de l'information de l'Assemblée Nationale*, "L'esclavage, en France, aujourd'hui," 2001, No. 3459, vol. 2, 31.

¹² "Western Union Settles New York Money Laundering Probe for \$60 million," Jan. 4, 2018, <https://www.reuters.com/article/us-usa-western-union-settlement/western-union-settles-new-york-money-laundering-probe-for-60-million-idUSKBN1ET24Y>.

¹³ "Detecting Human Trafficking in Financial Institutions." http://files.acams.org/pdfs/2016/Detecting_Human_Trafficking_In_Financial_Institutions.pdf.

Lacey Act, with human trafficking. Workers were imported illegally from South Africa to Maine and forced to process the rock lobster that was illegally imported. The exploitation of the trafficked laborers increased the high profits of the seafood smugglers. Millions in proceeds from this crime were wired to an offshore locale.¹⁴ Examination of MS-13 gang cases from Northern Virginia by the author also reveal that the proceeds of sex trafficking are transferred to MS-13 members in Central America.

- 8) **Banks:** The proceeds of trafficking operations have been located in banks in a range of cases both in the United States and abroad. In a California case, fifty different accounts were used to launder the proceeds of human trafficking.¹⁵ More recently, in July 2020 Deutsche Bank agreed to pay a \$150 million penalty to the New York State Department of Financial Services “for significant compliance failures in connection with the Bank’s relationship with Jeffrey Epstein”, as well as Danske Estonia and FBME Bank, both entrenched in money laundering scandals at the time.¹⁶
- 9) **Cryptocurrencies:** Human traffickers make hundreds of thousands of dollars at a minimum annually from the exploitation of children. Cryptocurrencies are used both by traffickers to purchase advertisements and by sex buyers to purchase premium memberships on review board websites. The website Welcome to Video, which was a platform for child sexual abuse material (CSAM) on the dark web, handled membership through a cryptocurrency-based points system: in order to view more videos, members were required to either upload their own new content (gaining points for the number of views from other members), or to pay for new videos using bitcoin.¹⁷ Like Backpage, Welcome to Video was shut down by federal authorities in 2018, but numerous sites have subsequently developed as replacements.

FinCEN has also issued warnings of traffickers using multiple layers of payment along with cryptocurrency to protect their identities. In April 2016, members of the West Side City Crips gang from Phoenix, Arizona were discovered to be

¹⁴ <https://www.justice.gov/usao-sdny/pr/officers-fishing-and-seafood-corporations-ordered-pay-nearly-225-million-south-africa>, interview with lawyer familiar with the case.

¹⁵ Marjorie Hernandez, “Mastermind of Human Trafficking Ring Sentenced,” April 5, 2017, <https://www.vcstar.com/story/news/2017/04/05/mastermind-prostitution-ring-sentenced/100082852/>.

¹⁶ Department of Financial Services, “Superintendent Lacewell Announces DFS Imposes \$150 million Penalty on Deutsche Bank in Connection with Bank’s Relationship with Jeffrey Epstein and Correspondent Relationships with Danske Estonia and FBME Bank” (Press Release) July 7, 2020.

https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202007071

¹⁷ Chainalysis, “Human Trafficking: Cryptocurrency as Part of the Solution” (Webinar) <https://go.chainalysis.com/human-trafficking.html>

trafficking women out of a motel in El Paso, Texas. Homeland Security Investigations found evidence through one gang member's mobile phone and bitcoin wallet that the group was purchasing Vanilla Visa prepaid credit cards, using these prepaid cards to purchase bitcoin, and using those bitcoin to purchase sex ads on Backpage.¹⁸

- 10) **Trade-Based Money Laundering:** In the late 1990s and early 2000s, the London police who were pioneers in following the money found that export-import businesses were key to repatriating the profits of human trafficking for sexual exploitation. One brothel in London was filled with galoshes purchased with the profits of human trafficking. The galoshes would be sold in Ukraine to turn the crime profits into a legitimate economy. More traditional commodities were also used, such as cars.¹⁹

In one of the largest labor trafficking cases identified in the United States, profits from a car theft ring, based in Florida, were laundered into a marijuana farm (a form of real estate). In Operation Dual Identity, trafficked workers were then brought to tend the marijuana, and the proceeds of this trade then entered the illicit drug economy.²⁰

Businesses also used over and under invoicing, classic techniques of trade-based money laundering. The galoshes may be a colorful example but this is a much larger and pervasive phenomenon with fictitious or manipulated invoices used to justify large flows of money.

Human Trafficking and the Financial System Post 2000

The scale and the proceeds of human trafficking have changed profoundly since the early 2000s. Evidence of this is provided by a major United States government-funded computer research program on human trafficking conducted by DARPA (Defense Advanced Projects Research Agency), part of the Department of Defense. The computer scientists developed a tool, known as Memex, that mined the deep web for advertisements on sexual services. Their data mining goes back to the early 2000s. In one two year period, between 2014 and 2016, the researchers reported in "Scientific American" that advertisement expenditures of about \$250 million were spent on posting

¹⁸ FinCEN, "Supplementary Advisory on Identifying and Reporting Human Trafficking and Related Activity" October 15, 2020.

https://www.fincen.gov/sites/default/files/advisory/2020-10-15/Advisory%20Human%20Trafficking%20508%20FINAL_0.pdf.

¹⁹ Shelley 2010, p.120.

²⁰ Louise Shelley, *Dark Commerce: How a New Illicit Economy is Threatening our Future*, (Princeton and Oxford: Princeton University Press, 2018), 115.

more than 60 million advertisements for commercial sexual services.²¹ The size of the advertising budget suggests the scale of the business as advertisements are only a share of a business's expenses or its profits.

The money from these advertisements went, in part, to the online platforms that posted them. One of the most popular sites was Craigslist, whose owners made large sums. Its revenues in 2010 from these ads were estimated at \$36 million.²² Its adult services section was shut down after mounting pressure from activists and state attorneys general.²³ This led to advertisers of adult services migrating to Backpage, which then became the predominant player in the marketing of sexual services. The public online marketplace, Backpage, differed from Craigslist as most of the website's money was generated specifically through the posting of escort and massage advertisements, and therefore, it more freely advertised its adult services sections.²⁴ Backpage was shut down by federal authorities in April 2018 shortly before greater controls were placed on internet hosting providers as a result of new federal legislation. In the month before it was shut down, Backpage posted over 133,000 advertisements for sexual services.²⁵

One recent federal case initiated with the examination of a Backpage advertisement in San Francisco and then used Memex to construct the criminal network. This was a lengthy process to construct a networks and supply chain from this initial advertisement. The size of the network reveals the scale and the global reach of the business whose key node was traced to a criminal based in China. In November 2018, seven Chinese nationals were indicted. Their trafficking network had 30,000 customers, 500 web domains that were linked to an additional 350,000 escort advertisements and fifty-five websites. According to the indictments, the "Supermatchescort" network operated in

²¹ Larry Greenmeier, "Human Traffickers Caught on Hidden Internet," February 8, 2015, <https://www.scientificamerican.com/article/human-traffickers-caught-on-hidden-internet/> and also the accompanying visualization that reveals the international links, Scientific American Exclusive: DARPA Memex Data Map, retrieved 7 August 2019, <https://www.scientificamerican.com/slideshow/scientific-american-exclusive-darpa-memex-data-maps/>.

²² Brad Stone, "Sex Ads seen Adding Revenue to Craigslist," April 25, 2010, <https://www.nytimes.com/2010/04/26/technology/26craigslist.html>.

²³ William Saletan, "Pimp Mobile: Craigslist shuts its 'adult' section. Where will the ads go now?" *Slate*, 7 September 2010, retrieved 5 August 2019, <https://slate.com/news-and-politics/2010/09/craigslist-shuts-its-adult-section-where-will-sex-ads-go-now.html>.

²⁴ California Attorney General, 'Attorney General Kamala D. Harris Announces Criminal Charges Against Senior Corporate Officers of Backpage.com for Profiting from Prostitution and Arrest of Carl Ferrer, CEO,' 6 October 2016, retrieved 5 August 2019, <https://oag.ca.gov/news/press-releases/attorney-general-kamala-d-harris-announces-criminal-charges-against-senior>.

²⁵ Ryan Tarinelli, 'Online Sex Ads Rebound, Months After Shutdown of Backpage,' *Forensic Magazine*, 30 November 2018, retrieved 5 August 2019, <https://www.forensicmag.com/news/2018/11/online-sex-ads-rebound-months-after-shutdown-backpage>.

fifty-eight cities throughout the United States, Canada, and Australia. Money for this vast operation went to Backpage, ISPs and massage parlors on two continents as well as being sent to China.²⁶

The ability to legally place advertisements online for sexual services ended in the Spring of 2018 when the Stop Enabling Sex Traffickers Act (SESTA) and Allow States and Victims to Fight Online Sex Trafficking Act (FOSTA) legislation was passed by Congress with overwhelming support. The recently enacted legislation removed the protections for web hosting services, ISPs, and social media sites in regard to the crime of human trafficking.²⁷

Within a month of the passage of the FOSTA-SESTA legislation and the censoring of Backpage, advertisements for commercial sex plummeted eighty-two percent, according to an organization mining escort advertisements. However, after four months, the numbers of advertisements jumped back to seventy-five percent of their daily volume before Backpage was censored.²⁸ Some analysts believe many advertisements have merely shifted since 2018, to platforms hosted on servers outside the reach of the United States and not subject to the new legislation.²⁹ Therefore, the money is going into the global financial system but not to American-based advertisers and web-hosting services.

The hosting of websites and the placement of advertisements involves many companies. As Cyrus Vance testified, some of these include GoDaddy and T-Mobile.³⁰ Providers of housing, such as Airbnb,³¹ are also part of the new online economy that through its vast rental network also includes sites that are rented and then exploited by human traffickers. Therefore, the online economy and communications industry are key to the activities of

²⁶ Louise Shelley and Leah F. Meyer, "Human Trafficking Network Investigations: The Role of Open Source Intelligence and Large-Scale Data Analytics in Investigating Organized Crime," *International Journal on Criminology* Vol. 7, No. 2 (spring 2020), pp. 87-100.

²⁷ H.R. 1865 - Allow States and Victims to Fight Online Sex Trafficking Act of 2017, retrieved 7 August 2019, <https://www.congress.gov/bills/115th-congress/house-bill/1865>.

²⁸ C Biederman, 'Inside Backpage.com's Vicious Battle with the Feds,' *Wired*, 18 June 2019, retrieved 5 August 2019, <https://www.wired.com/story/inside-backpage-vicious-battle-feds/>.

²⁹ E Heil and A Nichols, 'Hot spot trafficking: a theoretical discussion of the potential problems associated with targeted policing and the eradication of sex trafficking in the United States,' *Contemporary Justice Review*, Vol. 17, No. 4, 2014, p. 424.

³⁰ Statement of New York County District Attorney, Cyrus Vance, January 30, 2018, <https://republicans-financialservices.house.gov/uploadedfiles/hhrg-115-ba09-wstate-cvance-20180130rv.pdf>.

³¹ David Oliver, "Exclusive: Airbnb expands pledge to fight human trafficking amid hospitality industry struggles" February 20, 2020. <https://www.usatoday.com/story/travel/hotels/2020/02/20/airbnb-human-trafficking-polaris-partnership-amid-industry-lawsuits/4806104002/>

human trafficking for sexual exploitation. Yet obtaining information from some of the businesses in this sector can be slow or difficult, impeding investigations.

Discussing the movement of money related to the businesses, New York City Prosecutor Cyrus Vance identified some of the same financial components used prior to 2000. Money service providers are still key. As Vance testified “They pay to arrange transportation for their victims, pay members of their operations, and move their ill-gotten gains abroad to countries like Russia and China in the blink of an eye.” The traditional financial system of banks still plays an important role as Vance noted in a 2018 hearing, “Traffickers also commonly launder money by opening multiple business accounts at different banks, as well as transferring checks and cash between accounts to cover their tracks.”³² Anonymous shell companies and the absence of beneficial ownership legislation made it possible to easily hide and launder their proceeds in the US and the international financial system.

The cyberworld, through cryptocurrency, has assumed an important part of the financial system of human trafficking in the past couple years. This has been documented in both criminal investigative practice as well as cutting edge computer science research.³³ Bitcoin is used to help run the human trafficking business. As Vance commented from the investigative perspective, cryptocurrency is not used to pay for sexual services. “Instead, the most significant impact of these currencies in sex trafficking investigations has been their role in the online economy.

The volume of online advertisements and memberships, alongside the drastic increase in the value of digital currencies such as Bitcoin, has caused the profits of those who operate websites that facilitate both the supply and demand side of the sex trafficking economy to skyrocket. “Over the last year, the increase in the value of Bitcoin has generated several million dollars in profit for one popular review site.”³⁴

What Policies are Needed to Address Human Trafficking in the Financial System:

- 1) **Beneficial Ownership Law** have been passed and need to be carefully and comprehensively implemented. Traffickers can now hide behind shell companies and anonymous ownership. The largest detected network of human traffickers, discussed above, involved massage parlors in cities across the U.S., Canada and Australia. As mentioned, the vast majority of massage parlors hide their owner’s identity.
- 2) **Cryptocurrency** is being used to finance human trafficking and many other forms of illicit activity. Greater financial oversight is needed of this fast-growing

³² Vance, 2018.

³³ Rebecca S. Portnoff et. al., “Backpage and Bitcoin: Uncovering Human Traffickers,” <https://nyuscholars.nyu.edu/en/publications/backpage-and-bitcoin-uncovering-human-traffickers>.

³⁴ Vance, 2018.

financial instrument. Similarly, cooperation and the sharing of information between government agencies and the private sector is needed to track and analyze criminal transactions. In the case of Welcome to Video, the website was shut down by a coordinated effort between IRS-Criminal Investigations, Homeland Security Investigations, and other national and foreign government agencies, using software from the company Chainalysis, which specializes in blockchain analysis.³⁵

- 3) **Follow the Money** needs to be a much more central part of investigations of human trafficking. This is difficult as there are a relatively small number of Suspicious Activity Reports (SARs) in the FinCEN data base associated with human trafficking. Training and awareness must be raised to not only increase SARs reporting but to make use of these reported suspected transactions that are presently underutilized. Training must also ensure that the reports are detailed, including whether the subject is a suspected victim or offender, and the dates of all suspicious transactions.³⁶ In relation to cryptocurrency, the Anti-Human Trafficking Intelligence Initiative (ATII) stressed in a December 2020 report that banks must strive to “analyze bitcoin transactions in the context of the account activity as a whole”, identifying suspicious activities in both crypto exchanges and brick and mortar bank accounts.³⁷ As the Epstein case indicates, SARs reports on human trafficking are underutilized.
- 4) **Focusing on Supply Chains for Human Trafficking** by looking at transport systems, travel agencies, hotels, rental apartments, ride-share services and short-term rental apartments. According to the Human Trafficking Institute’s analysis of federal trafficking cases in recent years, over 80% of federal cases of sex trafficking involved exploitation at hotel and motels.³⁸
- 5) **Enhance regulation and reporting requirements of online businesses** to vet customers and report suspicious transactions. More needs to be done by companies such as Uber and Airbnb in monitoring data for suspicious patterns of financial transactions and how their businesses inadvertently support human

³⁵ Chainalysis, “Human Trafficking: Cryptocurrency as Part of the Solution”

³⁶ UK Financial Intelligence Unit (UKFIU) Podcast, “Episode 2: How SARs reporters can help combat slavery and human trafficking”, September 24, 2020, <https://podcasts.apple.com/gb/podcast/the-ukfiu-podcast/id1525198769>.

³⁷ Seth Sattler, “Special ATII Report: Crypto transactions and human trafficking – A non-traditional investigation perspective for traditional financial institutions” Anti-Human Trafficking Intelligence Initiative (ATII), shared through Association of Certified Financial Crime Specialists (ACFCS), December 9, 2020. <https://www.acfcs.org/special-atii-report-crypto-transactions-and-human-trafficking-a-non-traditional-investigation-perspective-for-traditional-financial-institutions/>.

³⁸ The data from 2019 is similar to previous years. Human Trafficking Institute, *2019 Human Trafficking Report*, p.30, https://www.traffickinginstitute.org/wp-content/uploads/2020/05/2019-Federal-Human-Trafficking-Report_Low-Res.pdf

trafficking networks.³⁹ The role of online businesses in human trafficking is broader than those companies addressed by the FOSTA-SESTA legislation.

- 6) **Address Trade-based Money Laundering.** This under-acknowledged form of money laundering is key to the movement of the proceeds of human trafficking into the global financial system as leading bankers discuss its pervasive use as other loopholes are shut. Our understanding of TBML requires greater analysis as to how this is occurring in regards to human trafficking, the red flags associated with it and then a carefully conceived program to counter TBML. This will have enormous positive impacts not only in countering human trafficking but other forms of the illicit economy such as the fentanyl trade and environmental crime, especially related to the fishing industry in which large numbers of individuals are subject to labor exploitation.⁴⁰

³⁹ David Oliver, “Exclusive: Airbnb expands pledge to fight human trafficking amid hospitality industry struggles.” Feb. 20, 2020, <https://www.usatoday.com/story/travel/hotels/2020/02/20/airbnb-human-trafficking-polaris-partnership-amid-industry-lawsuits/4806104002/>.

⁴⁰ INTERPOL, “Fighting Illegal, Unreported, and Unregulated Fishing” December 7, 2020. <https://www.interpol.int/en/News-and-Events/News/2020/Fighting-illegal-unreported-and-unregulated-fishing>

Congresswoman Ann Wagner's Questions for the Record

3/25/2021 Financial Services Subcommittee on National Security, International Development, and Monetary Policy Hearing on "Ending Exploitation: How the Financial System Can Work to Dismantle the Business of Human Trafficking"

Responses from Rev. Dr. Marian Hatcher

2. Ms. Hatcher, how can financial services companies better learn from survivors to inform their policies toward human trafficking?

Response: There are several ways financial services companies can learn from survivors and better inform their policies.

First, survivors must be included in the establishment of said policies. They must be at the table and the foundation of the dialogue must not be "one size fits all."

While survivors may have similar experiences with commercial sexual exploitation, programs must "meet them where they are" in terms of their tangible experience and the specific factual outcomes of their cases in order for credit bureaus and banking systems to help address their needs.

Some, like me, may have a background including financial literacy, experience with the banking and credit bureau institutions, but most will not.

Providing financial health support will require, financial literacy, credit relief for debt incurred during trafficking as well as credit relief for debt incurred due to poor management of finances that occurred during or as a result of trafficking victimization.

Let us be transparent, debt incurred in some cases cannot not be attributed directly to a perpetrator. Nevertheless, it is a hindrance when combined with debt bondage caused by a trafficking situation and increases the odds of a poor long term financial position for survivors.

In addition to relief from adverse reports resulting from trafficking victimization, trafficking survivors need proactive, specialized programs that help survivors build credit and establish bank accounts and get a credit card. Access to these basic banking services has a dramatic impact on survivors' ability to achieve financial stability, and prevent re-exploitation.

With that said, there must be confidential, trusted partnership and support between financial entities and survivors in the establishment of said policies.

Thinking outside of the box, knowing this population will require financial education/literacy, credit relief, access to banking services and simply a second chance, will lead to reintegration in mainstream society and a sound future for survivors and their families.

Congresswoman Ann Wagner

3/25/2021 Financial Services Subcommittee on National Security, International Development, and Monetary Policy Hearing on “Ending Exploitation: How the Financial System Can Work to Dismantle the Business of Human Trafficking”

1. Mr. Koch, how does the mislabeling of Merchant Category Codes, such as this case with OnlyFans, make it more difficult for financial services companies to monitor potential human trafficking and child sexual abuse?

Mislabeling the merchant category code has multiple negative impacts on the ability of the credit card issuer (usually a bank) and the credit card association to monitor transactions for indicators of labor trafficking and sex trafficking (especially sex trafficking involving underage victims and victims of video and livestream internet performances without consent). Related to this impact on transaction monitoring is the resulting impact on SAR filing, which is one of the most important ways that the financial sector can communicate its findings to law enforcement.

From a regulatory perspective, mislabeling impacts the institutions’ ability to accurately evaluate its risks and to design appropriate controls to address those risks; it also impacts the institutions’ ability to identify and analyze sales metrics and key performance indicators which would typically inform business strategy.

There are effective ways to address some of these weaknesses—

Financial institutions can (and should, as an element of an effective compliance program) implement quality control procedures around the merchant onboarding process (i.e., testing the KYC before the merchant is activated) and should perform periodic testing on a random-sampling basis. In addition, based on the existing legal requirements around CDD, issuers and the associations should conduct periodic transactional validation for any internet merchants. This testing can often identify payment patterns on which a deeper investigation can be initiated, and can also identify payment anomalies for the same purpose.

As you know, I ran the global anti-money laundering program at American Express for six years, and I offer these thoughts from the perspective of having direct knowledge about the systems, programs, and capabilities.

2. Ms. Hatcher, how can financial services companies better learn from survivors to inform their policies toward human trafficking?
3. Ms. Mickelwait, what are the most significant challenges financial services companies face when determining whether or not a website is using their services to facilitate human trafficking or child sexual abuse?

4. Ms. Mickelwait, in what ways can financial services companies better coordinate with anti-trafficking groups such as yours to ensure they have the information necessary to fully scrutinize a potential trafficking website using their services?

Congresswoman Ann Wagner 's Questions for Ms. Mickelwait

1. Ms. Mickelwait, what are the most significant challenges financial services companies face when determining whether or not a website is using their services to facilitate human trafficking or child sexual abuse?

The most significant challenges financial services companies face can be greatly mitigated with preventative policies, upfront due diligence, and active compliance monitoring. It is critical that financial services companies put preventative measures in place that set strict compliance standards for the use of their services to help ensure that they are not facilitating or benefiting from sex trafficking or child sexual abuse. A prime example of such a preventative measure is the very recent action taken by Mastercard to implement a global policy that will not allow the use of their card on any pornographic website that does not reliably verify the age, ID and “clear, unambiguous and documented consent” of everyone depicted in pictures and videos as well as those uploading the content.

In a statement John Verdeschi, Mastercard’s senior vice president of customer engagement and performance said,

... we’re taking an even more active stance against the potential for unauthorized and illegal adult content. This starts by ensuring there are strong content control measures on sites where our products are accepted.

Enhancing requirements for adult content, preventing anonymous content

This month, we are extending our existing Specialty Merchant Registration requirements. The banks that connect merchants to our network will need to certify that the seller of adult content has effective controls in place to monitor, block and, where necessary, take down all illegal content.

You might ask, “Why now?” In the past few years, the ability to upload content to the internet has become easier than ever. All someone needs is a smartphone and a Wi-Fi connection.

Now, our requirements address the risks associated with this activity. And that starts with strong content control measures and clear, unambiguous and documented consent.

Other updated requirements include:

- Documented age and identity verification for all people depicted and those uploading the content
- Content review process prior to publication
- Complaint resolution process that addresses illegal or nonconsensual content within seven business days
- Appeals process allowing for any person depicted to request their content be removed

We're committed to doing everything in our power to ensure only lawful activity takes place on our network. In the process, we also hope to improve content controls to benefit people with the greatest need for these protections.

This important and groundbreaking step taken by Mastercard is one that all other financial services companies providing services to pornographic websites should quickly follow in order to help prevent the exploitation of minors and trafficking victims online.

2. Ms. Mickelwait, in what ways can financial services companies better coordinate with anti-trafficking groups such as yours to ensure they have the information necessary to fully scrutinize a potential trafficking website using their services?

Financial services companies should be paying close attention to the work and messaging of child protection and anti-trafficking organizations. It is also critical for financial services companies to be in consultation with survivors of sex trafficking and child sexual abuse material. The advice, "listen to survivors" could not be more important than it is when crafting both corporate and government policy. It is essential for financial services companies to understand the role they play in either perpetuating or preventing exploitation, and they must take the important steps of coordinating and communicating with NGOs and survivors who are on the front lines combatting these injustices. In doing so they will be better positioned to ensure that their actions and policies protect those who need it most.

